FOREIGN AGRICULTURE

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United States Department of Agriculture Foreign Agricultural Service

MFN Treatment to China Under New Trade Act May Spur U.S. Exports • World Rice Supplies Tighten • Venezuela Again Top U.S. Farm Market in South America • OPEC Countries Boost Grain Imports

U.S. Exports, 1980

How will suspended sales to the USSR affect them?

We have no crystal ball to predict with any certainty what 1980 will bring. But considering the fundamentals of world politics, economics, and supply and demand factors, we can offer some likely prospects for 1980.

World demand for U.S. agricultural products continues to expand rapidly due to global economic expansion, population growth, as well as favorable exchange rates and increased emphasis on improving diets in food-short developing countries. These factors were contributors to 1979's record agricultural exports and they boosted our agricultural trade surplus to nearly $16 billion last year.

By all indications, 1980 should still be a record year for U.S. agricultural exports. World grain production declined about 4 percent in 1979/80, but our own crops have never been larger. Although exports will be slightly lower than they would have been if Soviet sales and shipments had gone forward as planned, the volume should come close to a record 150 million metric tons—compared with 137 million in 1979. This means an 11-percent increase in the volume of wheat exports, an increase of about a tenth in feedgrain exports, and continued dominance of the world soybean market—at least through the 1980 Southern Hemisphere harvest. The value of our farm exports is expected to be $37 billion, contributing more than $19 billion to our balance of payments.

These numbers illustrate an important point. While the Soviet Union has been a major U.S. customer for the past few years, it is by far not the most important market for U.S. farm exports. The Soviet share of our export market can more clearly be understood by recognizing that exports to the rest of the world have accounted for more of the growth in our export sales—and those are steady, substainable, and growing markets that are less dependent on the rapidly shifting currents of weather and international politics.

As for world production in 1980, it is impossible to make any precise predictions. It is also difficult to predict our own. But should weather or other problems cut back our production levels, we have stocks on hand to meet world and U.S. needs. If weather is again favorable, we have legal authorities to offer programs to producers to try and bring supplies more in line with demand.

Through the series of steps the Administration has taken in the wake of the Soviet sales suspension, farm prices and farm income should be about the same as they would have been without the suspension of sales.

But while this is encouraging, it is not to say that all will be well with respect to U.S. agriculture in 1980. The rising cost of farm inputs is expected to erode much of the gains in higher farm prices and record farm receipts, leaving net farm income about a fifth below 1979 levels.

But that does not tell the whole story either. The typical Midwestern corn and wheat farms and land extensive farming and ranching operations will likely be spared much of the burden of the income decline. For example:

- Cow-calf and sheep producers' income will likely increase in 1980. The calf crop is smaller and feeder cattle prices may reach record high levels.
- Dairy producers' financial outlook will continue to be favorable. Milk prices may be up 10 percent and milk production will be at least as large as last year's.
- Wheat, rice, corn, and sorghum farmers will have higher cash receipts. Cash receipts from all crops—excluding the oil crops—are now expected to be 8 percent above the record 1979 level.

Prospects for soybean producers, however, are not as good as in the recent past. Soybean prices will be under pressure from larger supplies, and production expenses will be higher. Yet, it appears that returns still will be above costs for most growers. Southern Hemisphere developments and spring planting decisions are key factors in 1980 oilseed prices. Cotton producers are faced with large supplies as a result of last year's high yields, but fortunately demand has been exceptionally strong. For the first time, exports will exceed domestic use.

Fruit and vegetable producers also face moderately lower returns. A large pack of both canned and frozen fruits and vegetables—together with increasing labor costs—will narrow their profit margins.

Those who will be hardest hit by 1980 economic conditions will be the beef feedlot operators, hog producers and feeders, and poultry contractors.

After the past 2 years of strong farm prices and income, farmers are generally beginning 1980 in good financial condition.

Excerpts from Secretary of Agriculture Bob Bergland's statement to the Congressional Joint Economic Committee, January 30.

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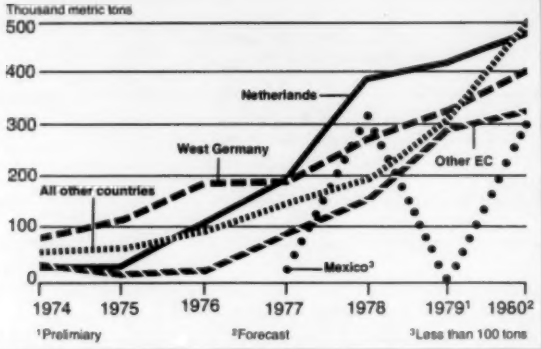

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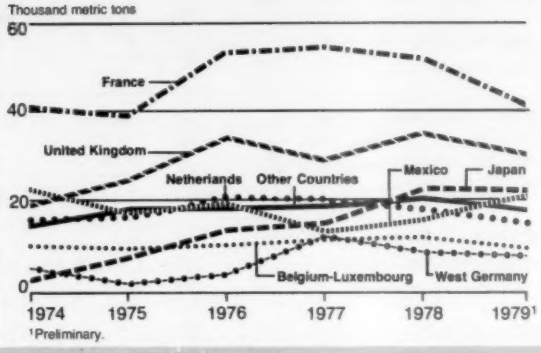

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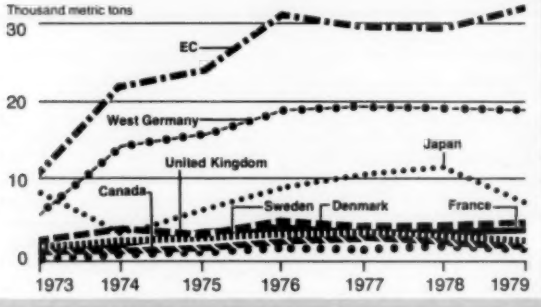

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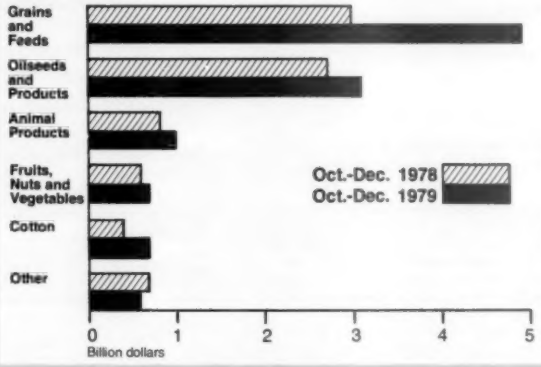

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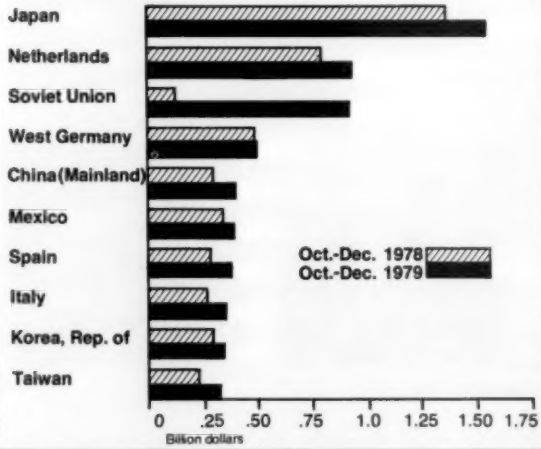

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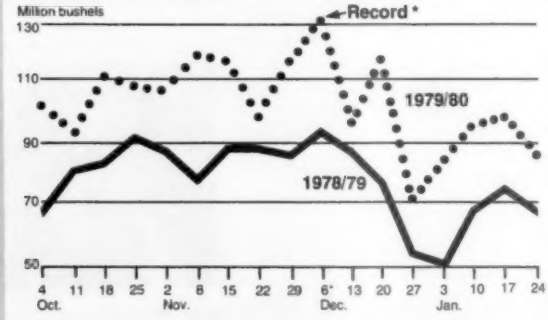

[1]Includes wheat, corn, sorghum, barley, oats, rye, and flaxseed.
[2]Week ending on date given.

COMMODITY UPDATE

SINCE MID-JANUARY, THE WORLD SUPPLY/DEMAND OUTLOOK FOR GRAINS HAS TIGHTENED SOMEWHAT. Prospects for Argentine coarse grain harvests are down, the Thai rice estimate has been cut, and the prospects are only moderate for early harvested wheat crops in India and China.

World grain supplies in 1979/80 are now estimated at 1,627 million tons, down from 1,630 million a month earlier and 1,642 million tons in 1978/79. World utilization in 1979/80 is projected at 1,426 million tons, compared with 1,423 million in January and 1,415 million in 1978/79.

Ending stocks in 1979/80 are projected at 201 million tons, down from 207 million tons in January and 227 million at the close of 1978/79. On this basis, stocks at the end of 1979/80 would be 14.1 percent of utilization, compared with 16.0 percent in the previous year.

WORLD OILSEED PRODUCTION FOR 1979/80 IS NOW FORECAST AT 179.9 MILLION METRIC TONS, down slightly from the January estimate of 180.2 million tons. Offsetting production estimates in two important Southern Hemisphere soybean-producing nations, Brazil and Argentina, have resulted in a small rise in the world soybean forecast.

As a result of a larger than anticipated increase in soybean area, the 1979-80 Brazilian soybean crop is forecast at 14.5 million tons, up 500,000 tons from the January estimate. Dry weather conditions in late December and early January have reduced yield prospects and production estimates in Argentina. The 1979/80 Argentine soybean crop estimate has been cut to 4.2 million tons from 4.6 million tons.

With no change in the U.S. soybean production estimate and the offseting changes in Brazil and Argentina, the world soybean crop for 1979/80 is forecast at 96.6 million tons, compared with January's estimate of 96.5 million tons. There are no major revisions in any of the other oilseed production forecasts.

Soybean prices for 1979/80 have been running approximately 15 percent below last year's levels. Following U.S. suspension of exports to the Soviet Union, prices dipped even further. However, they have recovered most or all of their losses, and are now close to pre-embargo levels.

WORLD RAW SUGAR PRICES, WHICH WERE IN THE 8-9-CENTS-PER-POUND RANGE LAST AUGUST, reached the 26-cent level on February 11. This rapid climb has been brought about by a shortfall in world production (no more than 87.7 million tons) compared with world consumption (about 91 million tons).

Meanwhile, the operation of the International Sugar Agreement has only succeeded in slowing the price surge.

ISA export quotas were suspended on January 11 and the release of special (buffer) stocks commenced on February 14.

WORLD 1979/80 COTTON PRODUCTION IS A RECORD 65.3 MILLION BALES (480 lb. net), based on Foreign Agricultural Service's World Crop Production circular of February 11. This total is up 9 percent from the 1978/79 level. U.S. production of 14.9 million bales is the largest in recent years. Foreign production is estimated at a record 50.4 million bales. Estimates for the USSR and the People's Republic of China have been increased from last month's levels.

USSR has announced that 1979 seed cotton production reached a record 9.16 million metric tons

(13.1 million bales). A warm, long fall allowed lint cotton to grow after the normal frost date and all cotton producing areas reportedly met goals for cotton deliveries. Chinese production is now estimated at 10.2 million bales, slightly above the 1978/79 total.

World 1979/80 consumption is forecast at a record 64.3 million bales, 1.6 million bales more than last year's. Demand for U.S. cotton has been good in both foreign and domestic markets. U.S. export sales during the first half of the 1979/80 season totaled 9.0 million bales. China, Japan, and Korea have been the largest buyers.

Cotton prices continue strong. The Northern Europe "A" index price averaged 88.72 U.S. cents per pound, c.i.f., in January, 6.5 cents above the December average.

THE EXECUTIVE BOARD OF THE INTERNATIONAL COFFEE ORGANIZATION (ICO) is scheduled to meet March 24-26 in London to consider, among other items, a revision in the trigger price (now set at 77 cents a pound) for initiating export quotas and related economic provisions of the International Coffee Agreement (ICA).

The Board met in early February under provisions of Resolution 302 of the ICA because the 20-day average composite price of green coffee fell below $1.68 a pound. Current market conditions were reviewed and appropriate actions considered.

A number of producer countries advocated implementation of economic provisions of the Agreement.

INDICATIONS CONTINUE TO POINT TO ANOTHER RECORD YEAR OF WORLD MEAT PRODUCTION IN 1980. Increased output of pork and poultry should more than offset the expected half-million-ton drop in beef and veal production. Even though U.S. poultry producers fear a softening in poultry meat prices during 1980 and might adjust production plans downward slightly, there is no indication that other principal producing countries will do likewise. The outlook for increased pork output in 1980 continues strong.

LAST YEAR'S WORLD HOP PRODUCTION, COMPARED WITH 1978'S, WAS 6 PERCENT HIGHER—AN ESTIMATED 115,070 metric tons on a slightly larger area of 78,175 hectares. The 1979 world crop can be characterized by larger yields, higher prices, and an imbalance between aromatic and bitter varieties.

In spite of another area reduction in the European Community (-2.6 percent from the 1978 level), owing to the hop restructuring program, EC production in 1979 increased 4 percent to an estimated 44,333 tons. By contrast, in the United States, area increased but production, at 24,915 tons, was down slightly from 1978's.

Estimates for the USSR and East European countries indicate an increase of nearly 14 percent in production to 35, 850 tons in 1979.

JAPANESE TOBACCO PRODUCTION IN 1979 TOTALED 157,513 METRIC TONS (FARM WEIGHT), ABOUT 8 PERCENT below 1978 production and the smallest crop since 1974. Dry weather early in the growing season and typhoons during harvest contributed to a low-quality crop.

The Government, in response to grower pressure, again raised the tobacco monopoly's (JTS) purchase prices by as much as 13 percent for higher quality grades. Average purchase prices for the 1979 crop are not yet available, but the 1978 crop averaged ¥1,490 (about $7.34) per kilogram.

Tobacco utilization by JTS for cigarette manufacturing is estimated for Japan's 1979 fiscal year (JFY—April 1979-March 1980) at 220,000 tons, including 70,000 tons of imported leaf down about 4 percent from the previous year's totals. Consumption is expected to remain stable in view of Japan's antismoking campaign and the anticipated effects of a retail price-increase bill now before the Diet.

Imports during JFY 1979 are forecast at 63,500 tons, down sharply from 81,400 tons in JFY 1978. The expected cutback in import demand reflects reduced purchases, primarily of foreign flue-cured and oriental leaf, stocks of which are excessive in relation to JTS's anticipated requirements.

U.S.-China Trade Pact Paves Way for Further Gains in Agricultural Trade

By *John Nuttall*

Chances of turning the Chinese market into an enduring one for U.S. farm products have improved markedly with the recent Congressional approval of the U.S.-China Trade Agreement.

Nearly a year in the making, the new Agreement represents a major step in the normalization of U.S. relations with China. Probably its most publicized feature is the mutual extension of most-favored-nation (MFN) treatment, enjoyed by most U.S. trading partners, but granted on a case-by-case basis to nonmarket (Communist) countries.

Other Agreement features of importance to U.S. agriculture include:

- Provisions both for opening of a U.S. Government trade office in Beijing and for market development activities of U.S. agribusiness and trade organizations, such as the non-profit commodity groups that cooperate with FAS in overseas market promotion. Past experiences in Europe, Japan, and elsewhere have shown that technical and marketing assistance provided by U.S. cooperators can lead to strong gains in U.S. farm exports.
- Extension of U.S. export credits for China's imports of U.S. products including financing made available or guaranteed by USDA's Commodity Credit Corporation.
- Safeguards against market disruptions.

Material evidence of U.S. agriculture's gains under the Agreement may be modest over the short term, given the dramatic expansion in U.S. agricultural exports to China during the past 2 years. These exports rose from an average of $250 million in 1972-77 to $600 million in calendar 1978 and a record $990 million in calendar 1979, accounting for about 60 percent of total U.S. exports to China in 1979.

China also became the ninth largest market for U.S. farm products during 1979, whereas in most years past it has been an insignificant factor in U.S. farm trade.

The successful conclusion of the Agreement should eliminate some of the unpredictability of this trade, as the United States becomes a regular supplier of farm products to China. It also paves the way for U.S.-assisted changes in Chinese agriculture that will enhance demand for U.S. grains, oilseeds, and other products.

China's recent move to develop a modern livestock industry, for instance, has tremendous implications for import trade in grains and oilseeds. Large increases in total Chinese demand could result from very modest growth in per capita consumption of meat and dairy products by China's nearly 1 billion people. There also may be increased demand deriving from scientific feeding of livestock—demand for feedgrains and protein feeds that probably will have to be met through expanded imports.

In calendar 1979, corn and cotton had surpassed wheat as the leading U.S. agricultural export to China, and—although a long-time exporter of soybeans—China is now importing both soybeans and soybean oil.

Needless to say, additional opportunities will arise as Chinese incomes and purchasing power increase and as domestic industries seek additional supplies of raw materials.

In recent years, 95 percent of China's agricultural imports—exclusive of raw sugar and crude rubber—have consisted of wheat, cotton, soybeans, and soybean oil, feedgrains, lard, tallow, and tobacco. This corresponds closely to the structure of U.S. agricultural exports to China. In both 1978 and 1979, soybeans, soybean oil, wheat, cotton, corn, and tallow made up for about 99 percent of U.S. farm exports to China.

During 1980, this trade should remain large. Owing to China's record 1978 and 1979 grain crops, the United States is expected to ship less grain to China during 1979/80 (July-June) than the 5.4 million tons exported there in 1978/79. The United States will, however, supply most of the 2.5 million tons of corn expected to be imported by China during 1979/80.

China also has become the largest single-country market for U.S. cotton in the current August-July season. Through December of 1979/80, U.S. exports and outstanding sales of cotton to China totaled more than 2,100,000 running bales. This compared with 590,000 bales of U.S. cotton shipped during all of 1978/79.

U.S. exports of soybeans to China totaled an estimated 412,000 tons in calendar 1979, against 57,000 the previous year, while soybean oil shipments rose from 44,000 tons to 58,800.

The Trade Agreement was initialed in Beijing on May 14, 1979, by former Secretary of Commerce Kreps and Chinese Minister of Foreign Trade Li Qiang and signed in Beijing on July 7, by Minister Li and U.S. Ambassador Woodcock. It was then submitted to Congress by President Carter on October 23 and approved by both Houses of Congress on January 24, 1980. It became effective on February 1, 1980.

The Agreement was negotiated in accordance with Title IV, Section 405, of the Trade Act of 1974, which outlines the mandatory specifications of U.S. commercial agreements with nonmarket countries. These include patent, copyright, and trademark protection; market disruption safeguards; business facilitation provisions; arrangements for settling commercial disputes; and the right to unilateral termination for national security reasons. Each of these provisions has been incorporated into the U.S.-PRC Trade Agreement.

One of the main provisions of the Trade Agreement is MFN treatment for each party, as provided for under Article II, Paragraph 2. The United States trades on an MFN basis with nearly all nations. However, the nonmarket economies can be extended MFN treatment only through bilateral

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commercial agreements.

For the most part, MFN customs duties will directly affect Chinese exports to the United States more than they will affect U.S. exports to China. However, U.S. exporters should benefit from other MFN-related provisions, such as liberalized, less-stringent licensing procedures.

In general, U.S. agricultural imports from China are less affected by the shift from discriminatory (column 2) to nondiscriminatory (column 1) tariffs than are nonagricultural imports. This is both because differentials between the two tariffs tend to be less for agricultural than for nonagricultural products, and because the Chinese so far have exported to the United States farm products with low or nonexistent column 2/column 1 tariff differentials. About 75 percent of the $84 million in U.S. agricultural imports from China during 1978 were not affected by differences in the column 1 and 2 rates, and about 10 percent had price differentials between the two rates of less than 5 percent.

Substantial tariff differentials do exist for some commodities, and it is only natural that MFN tariffs will induce increased PRC sales of these commodities. Regarding total agricultural imports, however, the Chinese sales base is so small that China's agricultural exports to the United States could increase rapidly in particular import categories without significantly affecting total trade. To gain even 1 percent of the U.S. agricultural import market, Chinese sales would have to double.

Article II.3 recognizes that China—at its current stage of economic growth—is a developing country. In bilateral relations, the United States only has to take this status into account to the extent deemed appropriate. However, in future trade negotiations the provision could have meaning since the United States gives special or differential treatment to many developing countries. The United States also will take China's status as a developing country into account at the time of the Agreement's renewal, when it is necessary to determine whether a "satisfactory balance of concessions was maintained during the life of the agreement."

This provision does not, however, confer eligibility to China for the U.S. Generalized System of Preferences (GSP). Legal requirements of the Trade Act of 1974 tie granting of GSP

China's 1979 Grain Crop a Record; Grain Procurements Up

China set a grain production record in 1979 and the State Grain procurement program was reported well ahead of targeted levels in late December, according to data released by the New China News Agency (NCNA). Output of oilseeds and a number of secondary crops such as silk cocoons also was reported at high levels.

Even so, China's 1979/80 agricultural imports, led by cotton, may surpass the record 1978/79 level. Grain imports will probably have to be larger in 1980/81 if the country's living standards are to continue to rise as rapidly as in the past year. China's agricultural and textile product exports also will have to increase.

NCNA reported that grain output was 315.5 million metric tons, about 10 million tons higher than in 1978. The cotton crop was up slightly from the previous year's to 2.17 million tons, (9.96 million bales, 480 lb net) although area was reportedly smaller. Selected oilbearing crops were up 15 percent from the 1978 level to 6.01 million tons.

The State Statistical Bureau earlier had reported that 1978 oilseed production was 5.218 million tons. This included a peanut, rapeseed, and sesameseed output of 4.57 million tons.

Cocoon production totaled 210,000 tons, a rise of 35,000 tons over the 1978 level.

The Commerce Ministry placed 1979 State pig procurements at 118 million head, 19 million head more than in 1978, according to a December 30 news article. This implied an average live weight of 80 kilograms, 6 kilograms above the 1978 average. State pork supplies have, according to these figures, risen by almost 30 percent.

State egg procurement—at 825,000 tons—were 48 percent higher than the 1978 record. The significant improvements in pork and egg output came mostly from the efforts of rural householders, helped significantly by the large 1978 autumn grain harvest.

Feedgrain imports do not normally trickle down to these producers whose 1980 pork and egg output will show little or no gain in 1979. This means that if any production improvements occur in 1980, they will most likely take place in the confined feeding operations being built near large cities, and fed from grain imports.

Tea output was said to be slightly higher than the previous year's 268,000 tons.

The news agency also reported excellent harvests of fruits, nuts, herbs, and honey. However, it did not mention the decrease in tobacco production or the rises in bast fiber and sugarbeet outturn.

Good weather was given the predominant credit for the larger crops, but the report also credited the Communist Party's new rural policies. These included more stress on paying workers according to the value of their labor, permitting farmers to work "private" plots, and encouraging farmers to engage in sideline production. The Party also eliminated many marketing restrictions to permit what it called a free market, and granted a record ¥16.5 billion in agricultural loans.

The amount of investment in the agricultural sector was raised to 14 percent of the State's investment total, up from 10.7 percent in 1978. Furthermore, the State raised its purchase price for farm products by an average of 25 percent and boosted farm

to a nonmarket-economy ccountry to certain conditions, such as membership in the International Monetary Fund (IMF) and subscription to the General Agreement on Tariffs and Trade (GATT).

The U.S. GSP—and many similar programs offered by other industrialized countries—gives developing nations preferential import tariff treatment (less than the MFN rate) on a number of commodities and products. China is already eligible under the Swiss, Australian, and New Zealand, Japanese, and Danish systems and will in 1980 be eligibile under the Canadian and EC systems.

Articles III and IV list provisions for promotion of trade and economic relations, including the establishment of business and government trade offices. III.c requires each party to provide for "the stationing of representatives, or the establishment of business offices, by firms, companies, and corporations ... of the other party in its own territory." This provision should be broad enough to cover the housing of USDA cooperators if such a need arises.

Article IV provides for the establishment of Government trade offices. A U.S. agricultural trade office as authorized under the Agricultural Trade Act of 1978 is being planned for Beijing during fiscal 1980.

A number of USDA cooperators are surveying the market possibilities in China to assess the extent of their future resource commitment there.

Article V prescribes the financial requisites of U.S.-PRC trade, including the use of freely convertible currencies (dollars, yen, francs, etc), provision of "official export credits on the most favorable terms available under the circumstances," and extension of the facilities necessary for financial and banking transactions (e.g., authorizations for international payments, remittances, and transfers).

Included are specifics on Chinese eligibility for U.S. Government credit programs—among them, the CCC, intermediate credit, and risk-assurance credit guarantee programs. The Agricultural Trade Act of 1978 had already extended to China eligibility for short-term (6-36 months) CCC credits, but not for the intermediate credits (3-10 years) established under the same Act.

The Chinese have yet to request a line of credit, and it is not known whether they will in the near future. They have noted that current interest rates are high—and for CCC credit, they are half a percentage point above the prime rate for U.S. banks and 0.625 percent above the prime for foreign banks.

Aside from this, the fiscal 1980 authorization for both the intermediate and short-term credit programs has already been allocated. In the future, any Chinese request for a line of credit under the CCC programs will be considered on an equal basis with those from other eligible countries.

Article VI provides for effective protection of trademarks, patents, and copyrights. The Chinese have recently developed a law on trademarks, but are only beginning to formulate laws on copyrights and patents and do not subscribe to either the Paris Convention or the International Copyright Convention.

Article VI provides for U.S. copyright and patent protection under rules of the conventions subscribed to by the United States. Thus, in effect, the Paris Convention and the International Copyright Convention are operative in U.S. dealings with China.

Article VII outlines the procedures for resolving "problems arising from bilateral trade." This refers specifically to market disruption.

Since Chinese imports and exports are planned in advance, trade disruptions in that market are limited to those arising from unplanned discontinuities in the import-export flow. In the "free" market economy of the United States, on the other hand, imports can disrupt the domestic market.

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purchasing power sufficiently to buy 13 percent more consumer goods than in the previous year.

Increased producer prices for staples were not passed on to the consumer and cost the State ¥7 billion for grain and oilseeds. Nonstaple-food retail price rises largely have been covered by wage increases.

Gains in grain production in 1978 and in the 1979 summer harvest have provided for the increased needs resulting from population growth and for improvements in living standards during calendar 1979. These production rises also probably reduced import requirements somewhat.

However, the 1979 autumn grain harvest (80 percent of production) was less than 2 percent over the record 1978 level and probably was not large enough to improve living standards significantly in calendar 1980 without resorting to increased corn imports. And the early outlook for the winter wheat crop points to a need for larger wheat imports.

But even with these relatively poor immediate prospects, the 22-million-ton grain-crop increase in 1978 (compared with 1977) and the 10-million-ton rise in 1979 were directly responsible for recent improvements in purchasing power and living standards, advances that should strengthen the "pragmatic" policies being pursued by the Party's leadership.

As of December 20, 1979, 50.14 million tons of grain had been delivered to the State, overfulfilling the year's procurement plan by 2.04 percent. Deliveries were up 5 million tons over the corresponding period of the previous year.

In 1979, at least 12 provinces had fulfilled or topped their respective procurement targets and 10 other unnamed provinces and autonomous regions and one municipality had fulfilled 90 percent of their targets.

Adding the procurement subtotals together, and including an estimated 1 million tons of grain from surplus commune stocks, gives a procurement total topping 52.5 million tons by March 31, 1980. If attained, this figure would represent an increase of 5.3 percent over the targeted level.

The higher-than-normal procurements can be attributed to many causes. Improved grain harvests in 1978 and 1979, together with reductions in or exemptions from agricultural taxes in some areas in 1979, left more grain on farms. Some of this is being sold to procurement agents.

Based on a report by William L. Davis, U.S. Agricultural Attaché, Beijing.

Given these differences, it is easy to understand why Chinese and U.S. interests diverge on the issue of market disruption. The United States requires quick, unilateral action. The Chinese need time to seek out new markets when their planned import and export flows are short-circuited. For these reasons, the Chinese prefer lengthy consultations before action, while the United States at times require unilateral action.

Article VII provides that any bilateral trade problem, including market disruption due to rapidly rising imports, be the subject of consultations. Should such consultation not result in a satisfactory resolution within a reasonable period of time, either party may take whatever measures it believes to be appropriate.

Moreover, preventive or remedial action may be taken prior to consultation on the condition that consultations be held immediately after the action.

Article VIII outlines procedures for resolving commercial disputes. It requires friendly consultations and conciliation (preferred by the Chinese) before arbitration (preferred by the United States). There is no specified time period for the consultations.

Arbitration occurs if "such disputes cannot be settled promptly" by consultations or conciliation. The rules of arbitration are straightforward, being based on those of the mutually agreed upon arbitration institutions (Chinese, U.S., or third-country origin).

Article IX provides for unilateral termination of the Agreement for reasons of national security, and Article X outlines entry into force and renewal and termination procedures. The Agreement remains in force for 3 years after the entry date. It is to be extended in successive terms of 3 years unless either contracting party notifies the other at least 30 days prior to the end of term of its intent to terminate.

Still in effect also are requirements of Title IV of the Trade Act of 1974 that Congress review each year Chinese adherence to the Principles of Title IV (e.g., issues of human rights and freedom of emigration). If Congress decides that the Chinese are in violation of Title IV, it may adopt a resolution that in effect, terminates the Trade Agreement. □

World Rice Supplies Seen Tightening Some in 1980

By Daniel Berman

World rice supplies are expected to decline some this year from the relative abundance of 1978/79 as production slips below last season's record high and trade holds at a near-record level.

USDA's January 17 estimate placed world rice production in the 1979/80 year (which began with the fall 1979 harvest) at 372 million metric tons.[1] This represents a decline of 3.5 percent from the record harvest of 385 million tons a year ago.

Consumption needs—under pressure from rapid population growth in many countries—continue strong, however. Consequently, world exports of rice in calendar 1980 are now estimated at 11.5 million tons, just 300,000 tons below last year's high level. This implies a stock drawdown of nearly 3.5 million tons in 1979/80.

With spring crop outturns still to be determined in some major producing countries, there is still room for change in the 1979/80 estimate. The ultimate trade outcome will depend on these final crop results, export availabilities, and political decisions in the rice trading nations.

Among the prospects for key rice-producing and trading nations—

India, devastated by a monsoon failure last summer, faces a rice production shortfall of nearly 16 million tons from last year's record harvest of 81 million tons. The crop would have been still worse had not timely winter rains improved prospects for the spring harvest. Nevertheless, comfortable reserves built up over the last several years, coupled with a relatively efficient food distribution system, should allow India to weather this potentially disastrous drought.

To a lesser extent, drought has also affected both the main and the smaller spring rice crops in **Thailand.** Production thus is estimated at 15.8 million tons for a decline of 1.2 million tons from the record 1978/79 harvest. Since Thailand is a leading rice exporter, its crop size also has a strong influence on world trade levels. Exports in calendar 1980 are currently estimated at 2.2 million tons, down 500,000 from the 1979 figure.

South Korea's 1979/80 harvest is estimated at 7.7 million tons, a 350,000 ton gain from the small crop of 1978/79. The country, nevertheless, has emerged as a major rice importer, reverting to a role temporarily abandoned during its short-lived period of self-sufficiency in 1978. In a dual effort to build stocks and meet growing consumer demand, Korea is expected to import 725,000 tons of rice in 1980, a large percentage of which will be supplied by the United States. This compares with imports of 350,000 tons in 1979.

The opposite problem—high production levels and declining consumption—characterizes **Japan's** rice situation. High producer support prices (about $1,200 per ton) and some of the world's highest yields (up to 6 tons per hectare) combined to produce a crop of almost 15 million tons in 1979/80. This still-excessive crop comes on the heels of record outturns of 15.7 million and 16.4 million tons in the previous 2 years, with an accompanying buildup of stocks.

As a result, the Government has begun relying increasingly on its rice surplus disposal program. Exports under that program—often on concessional terms to developing countries—are estimated at 650,000 tons in 1980.

Indonesia, the world's leading rice

[1] Production figures are expressed on a rough (or paddy) basis, while all others are on a milled basis.

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importer, harvested its second best crop on record in calendar 1979—24.3 million tons compared with the 1978 high of 25.8 million. Imports—including around 150,000 tons from the United States, mostly on concessional terms—are forecast at 2.3 million tons for 1980, or 20 percent of world trade.

This represents a gain of 350,000 tons from last year's imports and reflects an apparent stockbuilding effort by Bulog, the Government agency responsible for grain imports and supply. Larger stocks would give the Government greater control over domestic prices, since rice can be injected into the market as a means of moderating price increases.

Bangladesh, with three harvests each year, is expected to produce 18.8 million tons in 1979/80, compared with 18.9 million in 1978/79. Imports, however, may decline to around half the 1979 record of 700,000 tons as wheat assumes a greater role in the food import mix.

Burma's 1979/80 production is estimated to dip to 9.9 million tons from 10.5 million in 1978/79. However, ample carry-in stocks will allow the country to boost exports this year some 100,000 tons above the 1979 level of 500,000 tons without depleting supplies for domestic consumption.

Similarly, **Pakistan's** estimated production of a near-record 4.8 million tons, against 4.9 million in 1978/79, indicates exports approximating last year's 1 million tons. Rice is the largest single source of foreign exchange for Pakistan, since the aromatic Basmatic variety produced there sells for more than $700 per ton in the Middle East.

Brazil, the largest Western Hemisphere producer, is expecting to harvest a record 8.6 million tons this spring. Formerly a net exporter of rice, Brazil has recently become a net importer in the wake of booming domestic demand. These imports reached nearly 750,000 tons in 1979, but may drop to minimal levels in 1980 if crop expectations are realized.

Although a relatively small producer by world standards, the **United States** ranks as one of the leading rice exporters. This year, in fact, it is expected to be the world's largest exporter as a result of a record domestic crop estimated at 6.2 million tons and the reduced Thai crop. These U.S. exports currently are estimated at a record 2.9 million tons, compared with 2.2 million in 1979.

Major markets for U.S. rice in 1978/79 (August-July) included: Iran, taking 348,114 tons (against 343,689 in 1977/78); Indonesia, 260,421 (468,807); Saudi Arabia, 233,855 (169,582); Nigeria, 183,583 (171,661); and Iraq, 148,151 (89,895).

Production of rice in **China,** the leading producer with more than 35 percent of total world output, is estimated at a record 140.5 million tons for calendar 1979. This compares with 137 million tons estimated for 1978. The country's rice exports in 1980 are forecast at about 1 million tons, against 1.2 millon in 1979. Major destinations generally are Indonesia, Malaysia, Hong Kong, and several African countries. □

Clockwise from top left: Harvesting rice in Pakistan; rice parboiling operation (drying and collecting dried rice) in Thailand; and threshing rice in the traditional way in Haryana State, India.

Venezuela: Profile of The Top U.S. Farm Market In South America

By Larry Senger

From top: fields of potatoes; harvesting sesame; and Brown Swiss cattle and a produce exhibit at a Venezuelan agricultural fair.

After temporarily dropping behind Brazil in fiscal 1978, Venezuela last year re-emerged as the No. 1 U.S. farm market in South America. This ascendancy should hold into the near future, given the country's immense petroleum income and the strong demand being generated as that wealth filters down to the Venezuelan consumer.

Normally a supplier of about one-third of Venezuela's farm imports, the United States shipped $470 million worth of products there in fiscal 1979. This was 21 percent more than in fiscal 1978 and double the average of such exports during 1972-76. Venezuelan imports from other sectors of the U.S. economy have grown even more rapidly, boosting the country's total purchases from the United States a remarkable 300 percent between 1973 and 1978.

U.S. farm sales to Venezuela barely inched past the $445 million in exports to Brazil last year. But unlike Venezuela, with its steadily rising demand for farm products, Brazil has been an erratic market, with large purchases occurring only in times of unfavorable domestic crops. Such has been the case during the past 2 years, which were marked by back-to-back droughts in Brazil.

Basis for the rapid growth in Venezuela's farm market, of course, is petroleum, exports of which earned some $8.7 billion in 1978, including $1.16 billion from the United States. This rising petroleum income already has made Venezuela the second richest country in South America in terms of per capita income. In 1973, when the oil boom began, per capita income was $1,300. Today, it is approaching $3,000, and the only South American country boasting a higher per capita gross domestic product is Argentina, with $3,400 estimated for 1979.

As the marked expansion in personal income would suggest, Venezuela's economy has enjoyed rapid and sustained growth since 1973. Rates of growth have been consistently around 7 percent, although the figure dipped to 4 percent in 1979 in reaction to a cooling down of the economy.

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However, most analysts saw this as a healthy slowdown that would pave the way for a modestly higher, and more sustainable, rate in the 1980's.

Moreover, the economic slowdown has not noticeably affected Venezuela's imports of food items, which reflect the twofold impact of rapid population growth and rising personal incomes. Population alone is expanding by an estimated 600,000 to 700,000 annually, while increased incomes have buoyed demand for imported foods, high prices notwithstanding.

So far, domestic agriculture and processors have not been able to meet this growing domestic demand. On a per capita basis, agricultural production has risen by only 25 percent since 1965, while population alone has grown 60.5 percent, with the result that some 60 percent of the major foods consumed in Venezuela are imported.

This gap stems in part from low productivity of a domestic agriculture still plagued by a lack of semiskilled and skilled labor, frequently unfavorable weather, poor farm management, and rapid migration from farm to city.

These problems have led the Government to support rejuvenation and expansion of Venezuela's agricultural sector. While headway is being made here, as witnessed by relatively strong agricultural performances in 1977 and 1978, aggregate output is still insufficient to meet the overall increase in consumer demand. It thus appears highly unlikely that Venezuela can become food self-sufficient.

Venezuela's main imports of unprocessed foods are wheat, corn, sorghum, oilseeds, vegetable oils, and livestock. The United States is the dominant supplier of wheat, sorghum, soybeans, and soybean meal.

The only basic foodstuff in which Venezuela is self-sufficient is rice. Occasional surpluses have enabled Venezuela at times to export rice—mainly to countries in the Caribbean, but last year to Brazil also.

The major U.S. competitors in Venezuela's market for soybeans and soybean meal are Brazil and Argentina. In calendar 1978, however, Brazil's share of the soybean meal market dropped sharply in the wake of its reduced crop, while the United States supplied 79 percent of the imports (and 71 percent of all soybean-product imports).

U.S. domination of the wheat market is even more complete, with approximately 95-100 percent of Venezuela's wheat coming from the United States. These wheat import needs are expected to reach 900,000 metric tons in 1980, or about 5.5 percent above last year's.

Venezuela imports about 500,000 tons of corn a year, about a third from the United States and two-thirds as white corn (for food use) from South Africa. The country also imports about a half million tons of sorghum annually, largely from the United States.

Cattle imports move mainly from Colombia, which has an agreement with Venezuela to supply 60,000 head of live cattle and 60,000 carcasses a year, for a total business of about $130 million. U.S. exports of livestock to Venezuela totaled about $33.8 million in 1978.

The country also has boosted imports of a large number of other products, including pork, sugar, poultry meat, eggs, whole dry milk, cheese, pulses, edible oils, and deciduous fruit. The United States is Venezuela's major supplier of poultry meat, eggs, pork and pork products, and deciduous fruit, while most imports of whole dry milk and cheese come from Europe. Sugar imports are mainly from the Dominican Republic, with which Venezuela has a sugar contract until 1981.

Because of its increased import bill, Venezuela's balance-of-payments standing began to deteriorate somewhat between 1976 and 1978, despite the large petroleum exports. By 1978, the country had a total trade deficit of $1,451 million, including a $182 million deficit with the United States.

During 1979, however, increased oil revenues made up the gap, and the country probably ended up with a slight surplus for the year. This puts the Government in a more flexible position regarding import policies.

Although there as yet has been no indication of a far-reaching relaxation of trade barriers, the country did move last fall to lift long-standing price controls from several hundred items. At about the same time, import

U.S. Exports of Principal Agricultural Commodities to Venezuela, Fiscal 1976-79

[In 1,000 dollars]

Item	1976	1977	1978	1979
Live animals, excluding poultry	3,219	2,055	1,424	1,452
Meat and meat products	1,494	12,813	20,697	12,395
Poultry and poultry products	2,056	11,502	29,175	23,372
Dairy products	1,111	1,371	2,201	2,075
Animal fats and oils	4,777	6,553	12,883	8,033
Hides and skins	474	239	879	248
Wheat	122,756	82,666	91,576	116,200
Feedgrains and rice	52,750	57,078	36,680	57,243
Fruit and fruit products	8,168	13,393	15,620	14,409
Vegetables and products	10,990	19,167	15,269	21,122
Oilseeds and products	33,971	60,642	78,677	133,976
Total exports	267,864	305,110	355,353	447,688

Production of Major Agricultural Commodities In Venezuela, 1975-78

[In 1,000 metric tons]

Item	1975	1976	1977	1978
Rice, paddy	363	277	508	600
Corn	653	532	800	740
Sorghum	70	124	325	500
Beans, dry	41	45	64	60
Potatoes	152	135	195	204
Coffee	55	50	40	72
Cotton	23	21	30	35
Bananas and plantains	1,230	1,273	1,440	1,510
Sugar	521	457	439	389
Beef and veal	254	277	273	286
Pork	76	83	90	91
Milk	1,187	1,157	1,206	1,237

duties were reduced on a number of items, including about 175 categories of processed and unprocessed agricultural goods.

The major agricultural products affected were pork, fresh milk, butter, cheeses, fruit in brine, flour, vegetable oil, margarine, sugar, cocoa, powdered milk, preserves, jellies, marmalades, mayonnaise, ketchup, and ice cream. U.S. trade in these items amounted to about $50 million in 1978. Most tariffs were lowered from 200-300 percent to 100 percent.

Other tariffs are supposed to be reduced in the near future. This is in keeping with Venezuela's new general policy to protect (at least in theory) only those projects that will be profitable behind a tariff barrier of no more than 100 percent.

Present Government concern over past excessive protection of local processing firms and rising prices appears to be genuine. However, it is difficult to say whether this policy will endure. Venezuela has been known to change tariff levels frequently and unpredictably in the past, and it remains to be seen how much growth the Government will allow in demand for U.S. processed foods.

One indication that the Government is still willing to protect local business with sizable tariffs, its new policy notwithstanding, came recently when high special tariffs of 5 and 7 bolivars per kilogram (about 53 and 74 cents per lb) were placed on certain dried fruits in addition to a 60 percent ad valorem tariff.

For prunes, this equates to a change in the ad valorem equivalent from 35 percent prior to the increase to about 174 percent afterwards—a change of 397 percent. The official reason for increasing these tariffs was to encourage production of domestic fruit. In 1978 and 1979, U.S. prune exports to Venezuela were valued at $2.0 million and $1.6 million, respectively.

In addition, the Government continues to expand the product coverage of items reserved for Government importation.

Even given continuation of some high and/or unpredictable tariffs, the traditional Venezuelan demand for basic products such as wheat, sorghum, soybeans, and soybean meal should remain strong as Venezuela's oil revenues burgeon. This, in turn, bodes well for continued growth in U.S. farm exports to Venezuela. □

Higher Meat Output, Exports In Poland, Hungary, Romania

By Alan K. Hemphill

Production of beef, pork, and poultry meat in at least three East European countries—Poland, Hungary, and Romania—is expanding significantly to meet increasing domestic and export demand.

To achieve higher levels of meat production, the three countries apparently are prepared to boost their production and imports of animal and poultry feedstuffs from the United States and other sources. None of the three countries is self-sufficient in production of all feed ingredients, and higher levels of meat production can only be reached by increasing some feedstuff imports.

In fiscal 1979 (Oct.-Sept.), U.S. exports of feedgrains and oilseeds and products to Poland were valued at $178.4 million and $103.7 million, respectively; to Hungary, nil and $19 million; and to Romania, $114.2 and $104.3 million.

In Poland, production of red meat and poultry in 1979 is estimated at 3 million metric tons, compared with 2.9 million tons a year earlier and only 1.8 million tons in 1969. In Hungary, a similar pattern of expansion exists, with output for 1979 estimated at 946,600 tons, up 1 percent from the 1978 total and 50 percent higher than production in 1969. Romania's production for 1979 is estimated at about 1.5 million tons, the same as in 1976 and about 85 percent above the 1969 level.

Each of the three countries is a net exporter of red meat or poultry, and each exports live animals as well as animal products. These exports move to many areas, including the European Community (EC), the Middle East and North Africa, the United States, the USSR, and other East European countries. Hams and pork products are their principal meat exports to the United States. In 1978 U.S. imports of these products from Poland were up 13 percent from the 1977 level to about 39,000 tons; from Hungary, up 15 percent to about 8,000 tons; and from Romania, up 20 percent to about 7,000 tons.

While the livestock and poultry industries of Poland, Hungary, and Romania are basically similar, they differ markedly in some respects. For example, although state and cooperative farming is well established in each country, private owners hold about 75 percent of the farmland in Poland, 50 percent in Hungary, and 20 percent in Romania.

Livestock production is concentrated in the private sectors of the three countries—even in countries where state and cooperative land ownership is most extensive—and this situation is expected to continue. Normally, crop production is heaviest in the state and cooperative farm areas, while fruit, vegetable, and livestock production is mostly on private farms.

State farms usually receive priority for introduction of new production techniques—including those for livestock—and are utilized to some degree for extension service activities.

In each of the three countries, production patterns on individual private farms are changing. Traditionally, private farms had relatively small numbers of poultry and animals as well as small fields of crops. Now, each country has programs to aid—through financial and technical assistance—expansion of production on private farms. Basically, these programs are designed to help private farmers obtain larger land areas for their farms and achieve greater specialization in production, especially in livestock.

Production on private farms in the three countries can be marketed in

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various ways. Much of it is under contract to state organizations or may be sold to them at guaranteed prices. In some cases, private sales may move through open cash markets at—depending upon the situation—established prices or bargaining prices.

Traditionally, cattle raised in these countries—principally Simmentals—have been dual-purpose animals (milk and beef) or triple-purpose (used as draft animals).

Simmentals are preferred in these countries for their lean type of meat as well as medium milk production. Recently, Hungary (to a lesser extent in Poland, and in the initial stages in Romania) began advancing projects for separate breeds—dairy and beef.

Through the years, these countries have imported large numbers of Holstein-Friesians from Europe, and more recently, from the United States. Officials in Poland and Hungary are pleased with the results of these projects—especially with the resulting higher levels of milk production.

Although the beef cattle programs are secondary to the dairy programs, Hungary has imported a significant number of U.S. Herefords and beef breeds from European countries as well as semen.

However, in competition with this trend, some small producers find the lower milk output of Simmentals convenient for their milk needs and prefer the beef from this breed over that of Holsteins or Holstein crosses.

Each of the countries exports live cattle and beef.

The percentage of live cattle in this export mix has been declining. Ideally, the order of preference to maximize returns for any country's beef or cattle exports would be beef cuts, carcass beef, fed cattle, and feeder calves. However, the EC is an important market and if EC policy limits any of these categories, the exporting country has little choice except to ship what is permitted.

Although the three countries are aware of developing markets for beef in northern Africa and elsewhere, they consider the EC their basic, most important market for the foreseeable future.

The sheep industries of the three countries are likely to continue expanding, supplying wool and milk to the domestic trade and live animals, mutton, and lamb to the export trade—especially to Middle Eastern and North African countries. The sheep industries operate almost entirely in the private sectors of the three countries, and reportedly are very profitable.

As pork is the preferred meat among consumers in the three countries, hog production—concentrated on private farms—is large and expanding. Romania appears to have the smallest share of output in the private sector. Many producers in the three countries are expanding their output significantly, but some farmers, especially those with only 1 or 2 head, appear to be dropping out of production.

One reason may be that in many small towns, the older residences have enclosed yards with attached rooms or sheds for a few chickens or 1 or 2 hogs. However, the more compact, newer houses lack these additional rooms and sheds, and their yards are more likely to be utilized for household vegetable or fruit production. The newer, larger production units are more than compensating for the decline in these small units.

In the past, poultry—and to a lesser extent, beef—has been utilized to substitute for some of the unfilled pork demand. As pork production increases, supplies have been utilized for export and to meet expanding domestic demand.

Significant amounts of foreign exchange are earned from exports of pork from the three countries. These exports range from canned hams and specialty items to the United States to pork and live hogs to nearby countries.

Poultry production has been growing rapidly in the three countries from a relatively low level. As poultry has substituted for pork, it has often created its own market. In the past, differences in production costs and feed conversion ratios were not fully reflected in retail meat prices, but this situation is changing and the spread between pork and poultry prices is increasing. In Hungary, for example, retail pork prices recently were increased 20 percent, while those for poultry rose 8 percent. The price to the producer—yet to be set—will determine the degree of interest among farmers in increasing production of the various meats.

Poultry production increases appear likely to continue. In Poland, for example, per capita consumption of poultry—now about 10 kilograms—is expected to reach 15 kilograms in the early 1980's. While most of this increase is in broilers, turkey production—now relatively small—is expected to expand as much as twenty-fold and will be used extensively in such processed products as turkey hams, sausages, salamis, and similar items.

All three countries export poultry meat—broiler, goose, and duck—with the composition of the shipments varying from country to country. Broiler meat, for example, has been an especially important export item for Hungary. Although Hungary is attempting to maintain its relatively high export levels and thus earn foreign exchange, the returns have dwindled and the business is not now profitable.

Egg production in all three countries continues to expand, but at a decelerating rate as consumption nears its limits and export demand slows. Production traditionally has been heavy in the spring and low in the fall and winter season. Although part of the large spring production could be chilled or broken for later domestic use, export markets were developed to accommodate the rest.

As egg production continues to shift from small private flocks to larger, confined flocks on private, cooperative, or state farms (thus reducing seasonal highs and lows), egg exports are expected to level off or even decrease.

The cost and availability of energy supplies is an important factor in the three countries, especially for hog and poultry producers. Hungary, for example, must import almost all its petroleum needs, and even Romania—an important petroleum producer—imports oil to supply its large petro-chemical industries.

Meat producers in the three countries, heavily dependent on energy availability, are looking for ways to conserve energy, such as abandoning powered ventilation systems for natural air systems—even though such a move cold result in forfeiting some feed conversion and weight gains.

If petroleum prices or availablity should become more restrictive, downward adjustments in planned levels of pork and poultry could become necessary. □

WORLD FOOD PRICES

Most Countries Report Continuing Upward Trend

Food price indexes (FPI's) continued their upward spiral in most of the countries reporting in the FAS survey.

Only three countries recorded a November index that either fell or held steady. Japan's FPI of 233.3 (1970=100) and Switzerland's of 153.3 fell by 1.4 percent each. In the Netherlands, the index held steady at 167.0.

The U.S. food price index rose by 0.3 percent to 206.9, one of the smaller gains registered in the survey. Argentina continues to have the highest FPI in the FAS survey (170,767.5) and Switzerland the lowest.

U.S. Agricultural Counselors and Attachés report monthly FPI's for selected countries on a bimonthly basis, as well as report prevailing prices for selected food items in the capitals of the countries to which they are assigned.

Meat. Sirloin prices were up in all capitals shopped by the Counselors and Attachés on January 3, 1980, except Washington, D.C., Bonn, Brasília, and Tokyo.[1] In Washington, D.C., the price of sirloin steak fell by 88 cents per kilogram since the November survey, reflecting short-term competition from pork and poultry.

Although the price of a kilogram of sirloin steak and chuck roast in Brasília, as reflected in the FAS survey, fell in the January shopping, the Brazilian Ministry of Finance reported meat prices were raised five times during 1979, with sirloin and chuck prices increasing by 225 percent and 180 percent, respectively.

Higher prices for meat, as well as for other food items, in Copenhagan reflect a less stringent price freeze that went into effect January 1, replacing a total price freeze that was in effect since November 14, 1979. The new freeze will allow passing on increased import prices and energy costs to consumers.

In addition, the Danish "green kroner" (the exchange rate used to convert European Currency Units, ECU, into national currencies and all financial trans-

Continued on page 32

[1] Tokyo, Ottawa, and London were surveyed on January 8.

By Jane K. Phillips, economist; Dairy, Livestock, and Poultry Division; and Lynn Krawczyk, Information Division, FAS.

Food Price Index Changes in Selected Countries[1]

Country	Latest month	Index 1970=100	Percent change from Prev. month	Three months	One year
Argentina	Nov.	170,767.5	+4.18	+11.5	+151.5
Australia	Oct.	254.5	+1.2	+ 1.5	+ 12.7
Belgium	Nov.	176.8	+ .2	+ 1.1	+ 1.8
Brazil	Nov.	1,686.9	+6.3	+17.8	+ 77.9
Canada	Nov.	243.6	+ .2	+ 1.1	+ 12.2
Denmark	Nov.	249.8	+1.3	+ 2.6	+ 8.5
France	Nov.	241.1	+ .4	(2)	+ 9.0
Germany	(2)	(2)	(2)	(2)	(2)
Italy	Oct.	318.5	+1.0	+ 3.1	+ 13.3
Japan	Nov.	223.3	-1.4	+ 1.4	+ 3.4
Mexico	Nov.	389.5	+ .8	+ 3.8	+ 19.1
Netherlands	Nov.	167.0	0	+ .5	+ 3.1
Spain	(2)	(2)	(2)	(2)	(2)
Sweden	Nov.	228.7	+ .5	+ .7	+ 7.2
Switzerland	Nov.	153.3	-1.4	+ .3	+ 4.9
United Kingdom	Nov.	366.3	+ .9	+ 2.2	+ 14.0
United States	Nov.	206.9	+ .3	+ 1.1	+ 9.7

[1] Based on official price indexes. [2] Not available.

Time Spent by

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops
Bern	2:26	1:16	1:19
Bonn	1:30	1:09	:49
Brasilia	(2)	(2)	(2)
Brussels	1:56	1:01	:49
Buenos Aires	1:44	1:19	1:43
Canberra	1:44	:59	1:11
Copenhagen	1:50	:48	:55
London	3:05	1:19	1:10
Madrid	2:36	1:56	1:17
Mexico City	(2)	(2)	(2)
Ottawa	1:00	:46	:41
Paris	2:10	1:07	1:17
Rome	2:17	2:01	1:13
Stockholm	2:06	1:10	1:01
The Hague	1:52	1:04	:50
Tokyo	7:20	4:25	1:47
Wash. D.C.	1:06	:43	:46

[1] Mid-1979 national average for production wo

FAS

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops
Bern	19.45	10.20	8.96
Bonn	12.99	8.86	6.64
Brasilia	2.61	2.28	4.01
Brussels	13.57	7.34	6.01
Buenos Aires	5.58	5.27	7.44
Canberra	8.72	4.53	5.86
Copenhagen	18.66	7.85	8.77
London[2]	12.88	6.54	5.55
Madrid	9.68	6.84	4.83
Mexico City	4.12	4.03	3.56
Ottawa[2]	7.08	4.12	3.61
Paris	10.54	8.02	7.16
Rome	11.86	9.99	6.86
Stockholm	15.58	8.99	7.63
The Hague	12.86	7.40	7.25
Tokyo[2]	28.03	22.42	7.68
Wash. D.C.	6.15	5.09	4.98
Median	11.86	7.34	6.64

[1] 1 kilogram=2.2046 pounds; 1 liter=1.0567 q

by Workers to Earn Retail Value of Food Products in Selected World Capitals, Mid-1979[1]

[Hours and minutes required to purchase 1 kilogram, except where other unit of measure is indicated]

rk ps	Roast, pork, bone-less	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Mar-garine	Cheese, Cheddar	Milk, whole, liter	Oil, cook-ing, liter	Toma-toes	Onions, yellow	Pota-toes	Apples	Oranges	Bread, white, pkgd.	Rice	Sugar	Coffee, ground, roasted
19	1:55	0:50	0:26	0:14	1:04	0:25	(2)	0:06	0:17	0:16	0:06	0:04	0:09	0:11	0:15	0:09	0:05	1:01
49	:49	:19	:11	:41	:15	:49	0:04	:13	:12	:13	:11	:13	:07	:13	:07	:13	:07	1:20
(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
49	:51	:49	:31	:10	:47	:20	1:05	:05	:19	:13	:08	:02	:10	:11	:10	:11	:10	1:13
43	2:16	3:19	1:02	:46	2:40	1:37	4:02	:23	1:22	:41	:19	:13	:29	:29	:36	:40	:25	3:29
11	(2)	1:49	:26	:14	:30	:28	:34	:06	:29	:10	:08	:06	:10	:09	:13	:11	:07	4:22
55	:52	:53	:19	:11	:25	:02	(2)	:03	:19	:17	:10	:04	:11	:09	:11	:10	:10	:56
10	:53	1:33	:31	:20	:46	:28	:59	:08	:26	:23	:11	:07	:22	:14	:12	:16	:10	2:09
17	2:16	1:45	:35	:14	2:00	:57	(2)	:09	:25	:11	:10	:08	:14	:15	:15	:19	:11	2:18
(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
41	:34	:30	:22	:08	:26	:23	:44	:05	:16	:16	:06	:08	:14	:14	:05	:15	:04	1:05
17	1:29	2:23	:53	:27	1:07	:31	1:18	:07	:27	:16	:15	:03	:16	:20	:30	:20	:10	1:56
13	1:26	1:15	:37	:17	1:01	:25	(2)	:07	:14	:12	:06	:05	:12	:14	:26	:17	:11	1:44
01	1:49	:59	:35	:16	:30	:23	:54	:04	:45	:25	:13	:06	:17	:10	:18	:13	:08	1:04
50	1:12	1:32	:20	:10	:41	:14	(2)	:05	:12	:08	:07	:03	:10	:08	:08	:07	:07	:48
47	1:53	1:49	:40	:10	1:18	:32	1:02	:11	:23	:11	:09	:15	:30	:28	:19	:17	:13	2:47
46	(2)	:33	:13	:08	:36	:15	:44	:05	:20	:19	:10	:05	:13	:10	:05	:08	:06	1:02

ion workers, calculated in local currencies. [2] Not available. Source: U.S. Agricultural Counselors and Attaches.

FAS Survey of Retail Food Prices in Selected World Capitals, January 3, 1980

[In U.S. dollars per kg[1], or units as indicated, converted at current exchange rates]

ork ops	Roast, pork, bone-less	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Mar-garine	Cheese, Cheddar	Milk, whole, liter	Oil, cook-ing, liter	Toma-toes	Onions, yellow	Pota-toes	Apples	Oranges	Bread, white, pkgd.	Rice	Sugar	Coffee, ground, roasted
.96	13.71	6.69	3.31	2.67	9.09	3.31	[3]8.99	0.86	2.36	2.16	1.14	0.60	0.99	0.89	2.04	1.15	0.67	9.19
.64	6.91	6.96	2.39	1.65	5.23	1.90	6.83	.56	1.75	2.40	1.09	.28	1.26	1.37	.93	1.30	1.04	11.80
.01	5.86	5.43	1.43	.63	2.93	1.22	(4)	.23	.95	.53	.71	.31	1.54	.15	.84	.54	.32	2.83
.01	6.22	5.72	3.45	1.76	5.40	2.59	7.05	.66	1.91	3.13	.61	.28	.97	1.30	1.22	1.26	1.19	10.18
.44	6.20	8.06	3.35	1.36	7.29	6.35	12.33	1.07	3.05	2.11	1.09	.59	1.74	1.12	1.67	1.61	.99	9.02
.86	(4)	8.49	2.28	1.51	2.26	2.13	3.23	.50	1.88	3.20	.61	.58	1.76	.54	11.03	.80	.51	21.25
.77	9.00	8.88	3.13	2.02	3.96	2.30	[3]6.94	.63	3.11	4.27	1.35	.62	1.03	1.40	1.90	1.82	1.80	11.70
.55	4.65	7.43	2.27	1.79	3.50	2.06	4.55	.59	1.49	2.87	.69	.37	.99	1.23	.97	1.29	.74	9.71
.83	7.57	6.96	1.44	1.18	7.29	3.36	[3]9.53	.68	1.69	.79	.30	.33	.80	.82	1.15	1.26	.67	8.47
.56	4.45	4.24	2.36	.79	4.51	1.99	8.44	.34	1.19	.56	.43	.49	.97	.19	.66	.66	.26	3.79
.61	3.10	3.43	1.98	.89	3.02	2.51	4.89	.56	1.76	1.49	.44	.22	1.36	1.14	.41	1.98	.65	8.24
.16	6.24	17.68	4.18	2.09	5.21	2.50	7.14	.59	2.12	1.62	1.00	.34	.70	.97	2.57	1.68	.89	9.93
.86	7.49	5.99	2.99	1.72	3.69	2.06	[3]5.92	.62	1.17	2.24	.75	.44	.87	1.00	2.06	1.02	.98	9.11
.63	13.87	9.41	4.35	2.15	3.92	3.18	5.83	.58	5.75	3.77	1.42	.62	1.27	1.25	2.46	1.94	1.07	9.50
.25	8.68	12.12	2.45	1.51	4.82	1.71	[3]8.42	.55	1.40	1.32	.31	.24	.52	.53	.75	.95	.92	7.94
.68	8.52	8.06	3.29	1.22	5.22	2.29	4.66	.85	1.90	4.03	.67	.74	1.37	3.26	1.30	1.32	1.00	13.65
.98	5.48	3.57	1.74	1.00	4.51	2.00	5.77	.66	2.21	1.32	.42	.26	1.36	1.87	1.47	1.01	.61	6.37
.64	6.24	66.96	2.45	1.51	4.51	2.29	6.83	.59	1.90	2.16	.67	.37	1.03	1.00	1.22	1.26	.89	9.19

0567 quarts. [2] Prices shopped January 8, 1980. [3] Emmenthaler. [4] Not available. Source: U.S. Agricultural Counselors and Attachés.

Six U.S. Agricultural Trade Offices Operational

Four Agricultural Trade Offices have been opened in as many foreign countries in recent months. These four, plus an office opened in Miami in September 1979, bring to five the number now open under the Agricultural Trade Act of 1978. A sixth office was opened in London in May 1978 under a different authority.

The Agricultural Trade Act of 1978 authorizes the opening of between six and 25 U.S. Agricultural Trade Offices.

The four latest offices were opened in Singapore and Seoul in mid-January, and earlier in Bahrain and Hamburg in mid-November.

Targeted for a May 1980 opening is an Agricultural Trade Office in Warsaw, Poland.

The Seoul trade office will serve as the focal point for export development and sales in the Republic of Korea.

The Singapore office will serve Singapore, Indonesia, Malaysia, and Thailand. The Bahrain trade office area of responsibility includes Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates, Syria, Jordan, and Iraq.

The Hamburg office will service West Germany, and the Miami office will handle sales promotion in the Northern Caribbean and Central America.

Purpose of all six offices is to aid agricultural trade efforts in major export market areas by providing assistance to U.S. tradesmen, cooperatives, and firms exporting, or seeking to export, U.S. agricultural commodities.

The offices also will provide backup services to private commodity associations that work with the Foreign Agricultural Service as "market development cooperators." Forty-seven of these nonprofit groups, organized on a commodity basis, are now working in foreign countries under continuing agreements with FAS, servicing trade areas important to U.S. exporters of farm products.

Korea is the sixth largest market in the world for U.S. farm products. In fiscal 1979, the United States exported nearly $1.4 billion worth of U.S. agricultural products to Korea—a level nearly one-third above that of the year before. In this excellent growth market for American farmers, cotton accounts for about a fourth of these exports and corn and wheat each about a fifth.

The countries to be served by the Singapore office import almost $600 million in U.S. agricultural products annually. The Middle East countries being served out of the Bahrain Office also took almost $600 million worth of U.S. agricultural products in fiscal 1979.

The Hamburg office will concentrate largely on the big West German market, which in fiscal 1979 took $1.5 billion worth of U.S. farm products—the second largest U.S. market in Europe and one of the five top U.S. farm export markets. The Northern Caribbean and Central America, served by the Miami office, also are important U.S. export areas and offer great growth potential for U.S. producers.

Several USDA cooperator offices have co-located with the Agricultural Trade Offices. The American Soybean Association, U.S. Wheat Associates, Poultry and Egg Institute, and U.S. Feed Grains Council, for example, have offices in the Singapore trade office.

The Miami office is located in the University Federal Building, Suite 305, 222 Ponce de Leon Road, Coral Gables (Tel: 305-350-5314). The director of the new office is George R. Delgado.

Before his appointment as agricultural trade officer in Miami, Delgado was a commodity specialist in the Domestic and International Business Administration, U.S. Department of Commerce. He has varied experience in international trade and transportation.

The Bahrain trade office is located in Manama, Shalkh Isa Road, P.O. Box 26431 (Tel: 714-151). The director of the trade office is Joseph R. Butler, who has been with the Foreign Agricultural Service since 1974, serving as Assistant Agricultural Attaché in Iran and with the marketing sections of the Oilseed and Products and Cotton Divisions of FAS.

The Hamburg trade office is located at Grosse Threatrstrasse 42, D-2000, Hamburg 36 (Tel: 341-207).

Its director is Homer F. Walters. He has served with the Department of Agriculture since 1955, most recently as Agricultural Attaché in Switzerland.

The Singapore Agricultural Trade Office is located at Liat Towers Building, 15th floor, 541 Orchard Road, Singapore 0923 (Tel: 737-1233 or 734-1820).

The director of the Singapore trade office is James Y. Iso. He has been

with USDA since 1975, serving with the FAS Oilseeds and Products Division, specializing in foreign market development.

The Agricultural Trade Office in Seoul is located at 63, 1-KA, Oulchiro, Chung-Ku, Seoul, Republic of Korea (Tel: 722-601).

The director of the trade office is Evans Browne III. He has been with Foreign Agricultural Service since 1971, serving as an Assistant Agricultural Attaché in Canada and France, and with the marketing sections of the Fruit and Vegetable and Oilseeds and Products Divisions.

The London Agricultural Trade Office is located near the American Embassy at 47 Upper Grosvenor Square W.I.; the telephone number is 499-0024. Frank L. Waddle is the Agricultural Trade Officer there. □

Clockwise from far left: Singapore as seen from the new Agricultural Trade Office. Cutting the ribbon at the Singapore office (l-r): Thomas R. Hughes, FAS Administrator; Betty Lee Chin Mui, staff assistant in the office; and Rep. Bill Alexander of Arkansas, Chairman of the House Export Task Force. Mrs. Woo Ja Chung, staff assistant in the Agricultural Trade Office, Seoul, at the ATO entrance.Opening ceremonies at the Seoul office with U.S. Ambassador William Gleysteen, Jr., Korean Minister of Agriculture and Fisheries Jae Sul Lee, and FAS Administrator Hughes. At the opening of the Hamburg office are Walter Rode of the German Federal Ministry for Food, Agriculture, and Forestry, Bonn; U.S. Agriculture Secretary Bob Bergland; Hughes; and Senator Jeurgen Steinert, Department of Economics, Transportation, and Agriculture, Hamburg.

Grain Imports by OPEC Countries Continue To Increase

By John B. Parker, Jr.

Demand for imported grain by the 13 member nations of the Organization of Petroleum Exporting Countries (OPEC)[1] continues to expand at an unprecedented rate. These countries have doubled their grain imports since petroleum prices quadrupled in 1973, and imports during 1979—at an estimated 19.3 million tons—were 14 percent higher than the 1978 total. Imports in 1980 could reach 22 million tons.

Imports of rice and coarse grains by OPEC countries are increasing faster than imports of wheat and flour. Rice imports for 1979 were an estimated 4.7 million tons, compared with 3.6 million tons a year earlier and only 2.1 million tons in 1973.

Wheat and flour imports rose from 5.6 million tons in 1973 to about 10 million tons in 1978 and a slightly higher level is estimated for 1979. Wheat imports in 1980 may reach 12 million tons.

U.S. wheat exports to OPEC countries may rise from an estimated 4.3 million tons in 1979 to about 5 million tons this year because of larger sales to OPEC countries other than Iran.

Australia's wheat exports to OPEC countries may reach 3.5 million tons in 1980—up from about 2 million tons in 1979.

Larger wheat imports by Algeria, Iraq, Nigeria, and Saudi Arabia during 1979 more than offset the decline in imports by Iran, whose production decreased from 5.3 million tons in 1978 to an estimated 5 million tons in 1979. Wheat stocks in Iran apparently have declined, and larger imports will be needed in 1980.

Iraq's imports of wheat probably declined to about 1.3 million tons in 1979 from 1.5 million tons in 1978. Rice imports peaked at 578,000 tons in 1977, declined to about 400,-000 tons in 1978, and rose marginally in 1979 to about 420,000 tons—barely enough to maintain stocks. Iran's foreign rice purchases in 1979 included some supplies from Thailand and 30,000 tons from Pakistan.

Iran's demand for coarse grains increased from only 1.2 million tons in 1973 to an estimated 3.5 million tons in 1979. Imports totaled about 1.4 million tons in 1979—500,000 tons of corn (including 400,000 tons of U.S. corn), 500,000 tons of barley, and 400,000 tons of sorghum.

Iran was the leading OPEC importer of wheat and coarse grain in 1977, but Indonesia has been the top rice importer. Total OPEC rice imports in 1979 probably reached a record 4.4 million tons, up about 800,000 tons from the 1978 level.

Indonesia's plans for rice imports have been revised upward, and large arrivals of rice from Thailand and Japan probably pushed total 1979 rice imports to 2.1 million tons—up from 1.85 million tons in 1978.

Rice imports by Iran, Saudi Arabia, and Iraq in 1979 also were larger than in 1978. In Saudi Arabia, where imports make up over 99 percent of the rice consumed, imports in 1979 reached about 500,000 tons—up from 380,000 tons in 1978 and 110,000 tons in 1973. Jidda has become an important wholesale center for rice, including considerable distribution into Yemen.

Rice imports by the United Arab Emirates were an estimated 250,000 tons in 1979—up from 145,000 tons in 1978. Dubai has become an important center for rice shipments into Iran.

Nigeria's rice imports for 1979 were about 650,000 tons, including about 425,000 tons from Thailand. U.S. rice exports to Nigeria declined to about 125,000 tons in 1979.

The establishment of modern broiler and dairy operations by Mideastern OPEC members has created larger demand for imported feedgrains. Imports of feedgrains by OPEC countries rose from 1.4 million tons in 1975 to 3.3 million tons in 1978 and to an estimated 4.1 million tons in 1979. Imports during 1980 could reach 5 million tons.

The rapid growth in imports of feedgrains in Iran, Iraq, Saudi Arabia, and Algeria is likely to continue during the early 1980's. New projects to provide more poultry meat, eggs, milk, and mutton will require a continuing increase in imports of feedgrains.

Saudi Arabia and Algeria each imported more than 500,000 tons of feedgrains during 1979. Saudi Arabia has become Thailand's leading export market for sorghum. Thailand exported about 150,000 tons of sorghum to Saudi Arabia in 1978 and about 200,-000 tons in 1979, plus 180,000 tons of corn.

The United States and Argentina provide most of Venezuela's imports of feedgrains. Usually, when Argentina has large supplies of corn and sorghum for export, Venezuela tends to buy more from this nearby source and less from the United States. U.S. exports of sorghum to Venezuela since October 1, 1978, have reached 272,600 tons.

Total grain use by OPEC countries probably reached about 64 million tons in 1979—up from 61.4 million in 1978 and 43.4 million in 1973. Grain consumption in Indonesia remained steady at about 24 million tons in 1979, with larger imports of rice covering the shortfalls in production of rice and coarse grains.

Total U.S. grain exports to OPEC countries reached 7.2 million tons in 1978, with U.S. shipments accounting for about 53 percent of OPEC wheat imports, 33 percent of rice imports, and about 27 percent of coarse grain imports. The U.S. share of total OPEC grain imports—42 percent in 1978—slipped to 39 percent in 1979.

Larger sales of U.S. corn to Iran and other OPEC markets helped offset the lower U.S. barley exports to OPEC countries in early 1979. U.S. barley exports to Iraq and Iran picked up in October/November 1979.

Prospects for U.S. exports of grain to OPEC countries in 1980 may be better than performance in 1979. Competition from Australia and the EC will continue to be intense, but higher petroleum revenues are likely to generate a new wave of demand. □

The author is an agricultural economist with USDA's Economics, Statistics, and Cooperatives Service.

[1]Algeria, Ecuador, Gabon (associate member), Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, Venezuela.

FACT FILE

U.S. Agricultural Trade—Fiscal Year 1979

Top Ten: Country Markets And Commodities

Seven of the Top Ten customers for U.S. agricultural products in fiscal 1979 exceeded the billion dollar mark. Japan continued to hold first place, taking over $5 billion, compared with well over $4 billion in the previous year. As far back as fiscal 1975, however, Japan was importing over $3 billion in farm products from the United States.

The next best U.S. customer, the Netherlands, took almost $2.4 billion in fiscal 1979 and the Soviet Union was close behind at just over $2 billion. The other billion dollar markets were Canada, West Germany, Korea, and the United Kingdom. Taiwan, Mexico, and Italy neared the billion dollar category with imports of well over $900 million. U.S. exports to Taiwan and Mexico grew by over $200 million from the fiscal 1978 level.

U.S. Agricultural Exports—Top Ten Country Markets By Value, Fiscal Years 1978 and 1979

Country of Destination[1]	1978	1979	Value Change
	1,000 dol.	*1,000 dol.*	*Percent*
Japan	4,159,102	5,060,543	+22
Netherlands	2,150,406	2,397,856	+12
Soviet Union	1,796,554	2,067,714	+15
Canada	1,566,965	1,676,563	+ 7
Germany, Fed. Rep. of	1,460,031	1,482,369	+ 2
Korea, Rep. of	1,055,405	1,386,896	+31
United Kingdom	937,801	1,075,016	+15
China (Taiwan)	729,170	976,627	+34
Mexico	735,279	972,037	+32
Italy	928,986	927,401	-0.2

[1] Not adjusted for transshipments.

U.S. Agricultural Exports—Top Ten Commodities, By Value, FY 1978 and 1979

Commodity	1978	1979
	—Billion dollars—	
Corn	5.069	6.059
Soybeans	4.749	5.444
Wheat, wheat flour	4.072	4.775
Cotton, including linters	1.707	1.910
Soybean meal	1.121	1.365
Tobacco	1.132	1.292
Hides and skins	.604	.970
Rice	.834	.865
Soybean oil	.541	.706
Grain sorghum	.520	.551

U.S. Agricultural Exports—Top Ten Commodities, By Volume, FY 1978 and 1979

Commodity	1978	1979
	Mil.MT	*Mil.MT*
Corn	49.108	53.885
Wheat, wheat flour	32.834	32.217
Soybeans	19.686	20.194
Soybean meal	5.516	5.996
Grain sorghum	5.357	5.217
Rice	2.276	2.397
Cotton	1.378	1.395
Soybean oil	.933	1.059
Tobacco	.272	.287
	Mil.pieces	*Mil.pieces*
Hides and skins	27.828	29.533

U.S. Agricultural Exports—Top Ten Export Commodities to Top Ten Country Markets in Fiscal 1979

(In thousands of dollars)

County	Corn	Soybeans	Wheat, wheat flour	Cotton (including linters), raw silk)	Soybean cake and meal	Tobacco	Hides and skins	Rice	Soybean oil	Grain sorghum
Japan	1,030,304	1,073,265	504,685	429,076	48,415	240,644	346,556	837	63	200,568
Netherlands	252,162	1,108,809	103,446	5,627	107,575	65,850	8,886	8,430	5	4,021
Soviet Union	1,120,266	231,393	538,599	0	6,744	628	818	4,908	0	0
Canada	37,368	99,869	476	78,717	100,657	5,274	41,942	28,380	13,060	288
Germany, W.	159,178	394,452	9,480	37,633	226,276	124,390	15,866	9,337	49	116
Korea, S.	299,231	121,382	246,886	366,365	21,399	32,782	135,936	11,146	17	4,281
UK	214,765	146,843	48,847	26,547	15,004	218,694	4,400	16,322	10	46
Taiwan	259,204	314,380	99,577	122,010	0	71,566	32,409	0	0	1,998
Mexico	75,745	150,704	181,729	1,126	25,740	34	92,995	2,395	2,961	116,745
Italy	162,833	222,905	37,879	50,062	151,949	67,086	63,334	8,421	0	23

Major Regional Markets

The leading importers of U.S. farm products are Asia and Western Europe. Shipments to Japan, Korea, Taiwan, and China have grown faster than those to the major West European markets.

The share of U.S. agricultural exports to the developed countries is expected to be around 50 percent in fiscal 1980, down from an average of about 60 percent in 1969/70-1978/79.

Exports of U.S. farm products to developed countries rose less rapidly in fiscal 1979 than shipments to less developed and centrally planned areas. U.S. exports to Eastern Europe showed an increase of about 30 percent, and this trend is expected to quicken in fiscal 1980. Sales to the Soviet Union were also substantial, rising to better than $2.0 billion from almost $1.9 billion the year before.

U.S. Agricultural Exports—Value by Region, Fiscal Years 1978, 1979, and Forecast 1980

(In billion dollars)

Region [1]	1978	1979	Forecast 1980
Western Europe	8.623	9.705	11.0
European Community	6.114	7.421	8.1
Other Western Europe	2.509	2.284	2.9
Eastern Europe	1.185	1.545	2.4
USSR	1.868	2.222	1.4
Asia	9.486	11.739	13.8
West Asia [2]	1.314	1.499	1.3
South Asia [3]	.671	.687	1.0
Southeast & East Asia [4]	2.928	3.535	4.6
Japan	4.203	5.101	5.6
China	.370	.917	1.3
Canada	1.582	1.708	1.6
North Africa [5]	.980	.829	1.2
Other Africa	.673	.701	.9
Latin America	2.759	3.372	4.5
Oceania	.150	.162	.2
Total	27.306	31.983	37.0

[1] Adjusted for transshipments through Canada and Western Europe. [2] Turkey, Cyprus, Syria, Lebanon, Iraq, Iran, Israel, Jordan, Gaza Strip, Kuwait, Saudi Arabia, Qatar, United Arab Emirates. Yemen (Sana), Yemen (Aden), Oman, and Bahrain. [3] Afghanistan, India, Pakistan, Nepal, Bangladesh, and Sri Lanka. [4] Mongolia, Burma, Thailand, Vietnam, Laos, Malaysia, Singapore, Hong Kong, Indonesia, Brunei, Philippines, Macao, Republic of Korea, North Korea, Taiwan, and Cambodia. [5] Morocco, Algeria, Tunisia, Libya, and Egypt.

Farm Trade Balance Widens; Top Imports Listed

The value of agricultural imports for fiscal 1979 rose by about $2.3 billion to $16.2 billion, which means that U.S. agricultural exports were $15.8 billion greater than imports. That's a record high, but this contribution by agricultural trade has exceeded $10 billion for the past 6 fiscal years.

U.S. agricultural imports are expected to reach $17 to $18 billion in fiscal 1980. Coffee import volume may decline about 4 percent, but prices are rising. Import volume of cocoa beans and products is expected to increase about 5 percent, while the unit value declines. Expanded volumes and higher import unit values are expected for most other non-competitive import items.

Meat import volume is expected to increase slightly, and unit values will likely average higher. Sugar imports are expected to increase substantially in both value and volume.

U.S. Agricultural Trade Balance, Fiscal Years 1974-79

(In billion dollars)

Item	1974	1975	1976	1977	1978	1979
Exports	21.61	21.85	22.76	24.00	27.30	31.98
Imports	10.06	9.47	10.51	13.38	13.89	16.19
Trade balance	11.55	12.38	12.25	10.62	13.42	15.79

U.S. Agricultural Imports— Volume of Selected Commodities, Fiscal Years 1978, 1979, and Forecast 1980

Commodity	1978	1979	Forecast 1980
Competitive	*1,000 MT*	*1,000 MT*	*1,000 MT*
Cheese	100	110	120
Meat and meat products	872	1,007	1,020
Sugar, cane and beet	4,401	4,245	5,500
Tobacco, unmanufactured	151	165	170
Tomatoes, fresh	379	325	360
Vegetable oils and waxes	846	745	870
	Mil.liters	*Mil.liters*	*Mil.liters*
Wine	316	346	380
Noncompetitive	*1,000 MT*	*1,000 MT*	*1,000 MT*
Bananas and plantains	2,302	2,389	2,560
Cocoa beans	176	195	200
Cocoa products	166	160	170
Coffee, green	951	1,193	1,150
Coffee, processed	41	55	50
Crude rubber	781	798	825
Spices	64	71	75
Tea	66	73	80

Morocco

Citrus Exports Off to Fast Start

Workers separating citrus in Moroccan packing house.

Morocco's citrus exports—boosted by early ripening of the crop—got off to a strong start during the current marketing season (Oct.-Sept.). Total 1979/80 exports are expected to show about a 13-percent gain over last season's disappointing level, but still fall far short of the 1977/78 level.

Citrus is Morocco's No. 1 agricultural export and ranks as the second leading export earner behind phosphates.

Shipments of fresh citrus during the early part of this marketing season were running at more than twice the year-earlier pace. Through December 5, Morocco had exported 100,000 tons of Clementines, compared with only 40,000 tons on the comparable 1978 date, and 10,000 tons of Navels versus just 4,000 a year earlier, according to figures released by ASPAM, the country's citrus growers, association.

Based on these early results, ASPAM sees no difficulty in attaining the projected export levels for these two varieties—a record 180,000 tons for Clementines and 119,000 tons for Navel oranges.

Major factor for the strong export start was the precocity of this season's fruit as the first lots of citrus departed Morocco on October 20, compared with November 4 in 1978. In an attempt to take advantage of this precocity, citrus producers sent some shipments of still-green Clementines.

Overall quality of Moroccan citrus has been reported as average, and competition from Spanish citrus—preferred by European consumers—has been keener this season.

Morocco's total exports of citrus are projected to rise in 1979/80 to 615,000 tons, recovering to about an average level following last season's setback. Most of the increase is expected in late varieties of oranges and Clementines. The latter is predicted to reach a new high this season in recording a 16-percent pickup from the 1978/79 level.

The country's citrus exports in 1978/79 fell 19 percent to 543,000 tons, the lowest level in 3 years. The decline reversed the steady progress toward regaining the export level of the early 1970's when the record of 727,000 tons was achieved in 1972/73.

In calendar 1978, the citrus share of Morocco's agricultural exports was 37 percent; it has averaged about 28 percent over the past 5 years. Although the volume of Clementine exports declined 8,000 tons to 155,000 in 1978/79, its share of total citrus exports has been increasing, rising to 29 percent in 1978/79 from only 18 percent as recently as 1975/76.

Morocco's orange exports, headed by the late varieties at 210,000 tons and Navels at 122,000, dropped to 387,000 tons in 1978/79 from 508,000 the previous season. In 1979/80, these exports are projected to rise to 435,000 tons, including 250,000 of lates, and 119,000 of Navels.

Export destinations in 1978/79 revealed the usual dominance of the European Community (EC) countries of France (131,000 tons) and West Germany (94,000 tons). Exports to the Soviet Union, usually of lower quality citrus, are ensured at roughly 150,000-200,000 tons annually as part of a bilateral barter arrangement concluded several years ago.

Morocco's citrus exports to France in 1977/78 (October-September) totaled 164,000 tons, including 113,000 tons of oranges.

Other major 1978/79 markets included Scandinavia, Eastern Europe, and the Middle East. Leading Middle Eastern purchasers were Saudi Arabia (24,500 tons) and Kuwait (1,500 tons).

The export outlook over the short term points to greater uncertainties for Morocco in sales to the EC and other West European countries where quality is an important factor. Although prospects for this season indicate an export level similar to that achieved last season, shipping and material costs from Morocco continue to rise, giving a growing advantage to Spanish citrus in these markets.

Over the longer term, competition after the EC enlargement to include Spain will be even greater.

At present, Morocco enjoys an 80 percent deroga-

tion from the EC's common external tariff. Morocco wants a 100 percent exemption following the EC enlargement, but given increased shipping costs as well as EC restrictive import mechanisms, this most likely will not be enough to preserve the Moroccan share of the market.

Neither are Morocco's efforts at improving varieties geared to European preferences likely to do more than moderate the trend. Diversifying the export markets, such as in the Middle East and Africa, should be one of the imperatives of Morocco's citrus export policy.

Morocco's 1979/80 citrus production is now forecast at 948,000 tons, up 8 percent from the previous marketing year but still well below 1977/78's record of 1,087,000 tons. Early varieties fared well in quality and size.

Weather had been generally favorable for citrus through early October, except for an April frost in the Marrakech and Beni Mellal areas that caused minor damage to blossoms. In May, hot desert winds caused some mid-season and late citrus to fall.

Clementine production is expected to reach a record 255,000 tons, with ripening reported 10 days to 2 weeks earlier than in 1978/79. If realized, the 1979/80 output would be 9 percent above that of 1978/79 and would top the current high of 250,000 tons in 1977/78.

Total orange production is estimated at 678,000 tons in 1979/80, better than the 630,000 the previous season, but below the harvest of 820,000 in 1977/78. The late varieties, estimated at 378,000 tons (326,000 in 1978/79), will again head the list followed by Navels at 186,000 tons (200,000 in 1978/79).

Based on reports from Frank J. Piason, U.S. Agricultural Attaché, Rabat. □

Ecuador

Food and Fuel Receiving Top Priority of New Government

Food and fuel will receive the top priority of Ecuador's new democratic Government that is attempting to lay down plans aimed at expanding domestic development and boosting foreign export earnings.

Business officials, farmers, and consumers are also echoing the call for more food—and fiber—production—and prudent domestic use of the country's dwindling supplies of energy. Ecuador, a member of the Organization of Petroleum Export Countries (OPEC), has great untapped potential for increasing production in all these areas, but workable, comprehensive plans are needed to exploit these sectors for long-term benefits.

Development plans emanating from the new Government, headed by President Jaime Roldos who took office on August 10, 1979, call for more and better tilling of cropland following 3 years of severe drought and increased drilling for both petroleum and water. Wiser use of energy and more realistic prices—mainly for domestic gasoline—are also the stated goals of the new Government.

Ecuador and the Philippines are the only major producers of abaca—a hard fiber with many uses. Food supplies, however—namely basic cereals such as wheat, rice, and feedgrains, have not kept pace with consumption.

Increasing quantities are being imported with an estimated 290,000-300,000 tons of wheat imports expected in 1980; at least 15,000 tons of rice; and a need for at least 50,000 tons of feedgrains to provide sufficient incentives for poultry and livestock expansion. Powdered milk imports, running about 6,000 tons per year, keep increasing as milk production stagnates.

Tilling of all crops will receive top priority during the coming months, especially for those commodities that are imported, such as wheat, rice, oilseeds, and feedgrains.

In recent years, all of Ecuador's wheat imports—amounting to about 90-95 percent of total consumption—have come from the United States. In 1978/79 (June-May), Ecuador bought 249,000 tons of U.S. wheat worth $34.7 million, compared with 251,000 tons valued at $26.7 million a year earlier.

Other leading imports from the United States were vegetables oils, feedgrains, rice, and tallow.

On the other hand, the United States is the leading outlet for Ecuadorean farm exports, taking about half of Ecuador's banana exports, nearly half of its coffee and cocoa exports, and about 90 percent of its abaca production.

Ecuador is a diverse country. Geography, climate, people, and customs largely dictate the kinds of crops that are grown in different parts of the country. Traditional crops such as cereals, potatoes, and fruits and vegetables are grown in the highlands and valleys of the Andes.

Tropical commodities, including oilseeds, bananas, sugar cane, coffee, cocoa, abaca, cotton, and tobacco are grown in the coastal zones. There are more than 100 different commodities produced in Ecuador, with some of these being of economic importance in world markets.

Livestock and meat production will also benefit from the push for more tilling. The country needs more and better pastures, as well as larger quantities of feedgrains to provide additional incentives for expansion in the livestock sector. The country could use more milk, meat, and eggs as sources of high quality animal protein for the esti-

Thailand

Expected Shortfall In Rice Output Would Lower Exports in 1980

Deficiencies associated with Thailand's 1979 monsoon season (May-Oct.) could reduce the country's 1979/80 rice crop as much as 10 percent below the previous season's record. As a result, Thailand—the world's leading rice exporter in 2 of the last 3 years—will be hard pressed to match the near-record level of exports achieved during 1979 without a substantial drawdown in stocks.

Rice production in Thailand during 1979/80 could be down as much as 1.32 million metric tons (milled basis) from the 11.22 million tons produced the previous year. While stocks are currently some 300,000-400,000 tons in excess of normal levels, a production short-

mated 8.1 million Ecuadoreans.

Reforestation is in the limelight now, and the Government has announced an accelerated program of reforestation of about 50,000 hectares at a cost of more than $30 million. The country badly needs more forests for water and erosion controls, for building materials, and for firewood in rural areas.

Drilling will be stepped up in the coming months in two areas—in the search for petroleum and for water. The country has been plagued with serious drought for nearly 3 years, and effects of this situation are evident in the quality and quantity of commodities being marketed.

Ecuador has been exporting petroleum and petroleum products since 1972. Around $1.0 billion were earned from oil exports in 1979, accounting for approximately 52 percent of all Ecuadorean exports while agricultural products provided about 40 percent of all export earnings.

The new Government has announced plans to increase drilling for oil, both for exploration and production.

This year promises to be most interesting as Ecuador adjusts to its new democracy and wrestles with social and economic problems associated with such changes. Considerable belt tightening will be required as the country works to control inflationary problems and pressures and to cope with unstable political conditions throughout the world.

A major trial of the new Government will be its handling of economic disruptions imposed upon itself by recent legislation to sharply increase wages and to institute the 40-hour work week. Business confidence also will have to be cultivated more agressively than in recent months to maintain momentum in this sector.

Coffee, cocoa, bananas, and sugar are important export crops from Ecuador and instability within world markets coupled with the volatile petroleum situation will require all the expertise government managers and businessmen can muster to cope with the ups and downs of these markets.

The new Government is expected to continue developing and implementing concrete plans to develop Ecuador's human and natural resources. Tilling and drilling will receive top billing as leaders move to provide a better life for Ecuadoreans and increase foreign exchange earnings.—*By Lloyd I. Holmes, U.S. Agricultural Attache, Quito.* □

fall of this magnitude coupled with increased domestic food requirements (part of which are associated with the needs of Cambodian refugees) means that Thailand's exportable surpluses during 1980 are likely to be down both in quantity and quality from those available last year.

The full extent of the shortage is not yet certain and some trade sources speculate that overly pessimistic reports may be partly related to attempts to support the recent price strength characterizing the Thai market. USDA estimates that the eventual shortfall may be more on the order of 600,000 to 1 million tons, i.e., that total 1979/80 production will ultimately range between 10.2 and 10.6 million tons.

Deficient and shortened monsoon performance is largely responsible for the curtailment of production prospects from Thailand's main wet-season crop, which is harvested November-January and accounts for 85-90 percent of total production.

Rainfall was off by 400-600 million millimeters—about 30 percent lower than normal over large areas of the country—and the monsoon season was shortened when rainfall virtually ceased in late September. Despite these difficulties, it appears from meteorological data that the overall situation may not be as bad as that experienced during 1977. Furthermore, some increase in total area is thought to have occurred this year in response to Government efforts at bolstering producer prices.

As a consequence, Thailand's main crop this year probably will approach 9.24 million tons, down from the 9.7-million-ton record set last season.

Additional reductions in Thailand's 1979/80 production are also likely to come from shortfalls in the second (dry-season) crop harvested in May and June. The latter is a relatively recent phenomenon and contributes disproportionately to overall exportable surpluses. Dry-season production is predominantly located in the central plain and in the north as a result of lands receiving irrigation from projects built in the 1960's and 1970's.

Yields from the dry season crop are generally higher than those characterizing the main wet-season crop, but production requires adequate supplies of water from dams that are replenished by monsoon rains.

However, production from the dry-season crop reflects an unbroken pattern of expansion during the past 6 years. Output has risen from only 170,000 tons in 1972/73 to an estimated 1.52 million tons during 1978/79. Some of this expansion is related to official efforts to encourage production by supporting producer prices. During the past year, farm prices have climbed 33 percent, compared with a 16 percent increase in the consumer price index.

For these reasons, Thailand's dry-season crop during 1979/80 is expected to range between 1.18 and 1.32 million tons, down from the 1.52 million produced last spring.

Production during this crop year of some 10.4 million tons would require a substantial drawdown in stocks in order to support exports in 1980 at the near-record level of 2.7 million tons achieved during the previous calendar year.

Advance commitments already made approach 1 million tons—Indonesia 615,000 tons, Bangladesh 50,000 tons, Iran 100,000 tons, USSR, 100,000 tons, and China, 100,000 tons.

Regular shipments to African markets, Hong Kong, Singapore, the Middle East, Malaysia, and other smaller Asian markets will probably boost 1980 rice exports to between 2.2 million and 2.4 million tons. Exports in this range should bring Thai rice stocks back to more normal levels at the outset of 1981.

A decision to pursue more aggressively export markets in Iran and Nigeria in order to replace rice of U.S. origin would entail a commitment to reduce stocks to levels not seen in 6 years.—*By Robert Tetro and John Dyck, agricultural economists, International Economics Division, ESCS.* □

Portugal

Tomato Processors, Exporters Face Series of Problems at Home, Abroad

Washing tomatoes prior to processing in a Portuguese plant.

Portuguese tomato processors and exporters face a series of problems that will continue to harass them at least until Portugal becomes a member of the European Community (EC) some time in the early 1980's, or until Portuguese exporters can develop and consolidate new markets.

Labor costs, both at the growing and processing level, continue to rise rapidly, while stringent labor laws prevent the expansion of mechanical harvesting.

On the export side, EC subsidy payments to Community tomato processors, and the import duty on tomato products, enable EC producers to undersell Portugal's.

In addition, a number of previously strong markets, such as the United States, have expanded their own processed tomato output, markedly reducing Portuguese tomato product sales to these countries. Takings of more recently developed markets, although growing, are not expected to make up for these losses.

The result is that tomato processors are working plants at less than 50 percent of capacity because of a buildup of tomato paste stocks.

Portuguese exports of tomato paste in calendar 1978 totaled 73,010 tons, 23 percent less than in 1977. The European Community, once Portugal's most important market for tomato paste, is no longer the dominant force it once was. Whereas historically the EC accounted for between 43 and 53 percent of Portugal's tomato paste exports, it took just 23 percent in 1978.

Lebanon

Wheat, Feedgrain Imports Rising

Lebanon's 1979/80 (July-June) imports of wheat and feedgrains are expected to be significantly higher than the year-earlier levels.

Wheat and wheat flour imports should be up about 4 percent to around 315,000 metric tons—a result of higher domestic demand and the drought-reduced 1979 crop of 40,000 that was 111 percent smaller than the previous year's outturn.

Barley imports are projected at 100,000 tons, up slightly from 1978/79's 99,000 tons, while corn imports are forecast at 160,000 tons, one-third above the year-earlier level.

The 1979 barley harvest of about 5,000 tons was more than a third below 1978 production. The 1979 corn crop—about 2,000 tons—was about unchanged from the year-earlier total.

Commercial wheat imports in 1979 included 126,000 tons of Canadian Western Red Spring wheat, about 96,000 tons of U.S. Hard Red Winter wheat, 24,000 tons of French soft wheat, 21,000 tons of Australian Standard White wheat, 25,000 tons of soft wheat of unknown origin, and 7,000 tons of Canadian Amber Durum.

In addition, there were imports of donated wheat by the European Community, Canada, and the United States.

Feedgrain imports during 1979 were about 35 percent higher than the previous year's total of 185,000 tons. And imports are expected to continue rising to help meet demand in the expanding poultry and animal production sectors in neighboring Arab countries.

About 50,000-60,000 tons of the 1979 import volume was reexported, after bagging, to neighboring countries. Reexports in the previous year were about 32,000 tons.

Rice imports in calendar 1979 totaled about 21,000 tons, compared with 18,500 tons in the previous year. The principal suppliers were Italy, Spain, Egypt, and the United States.

Although consumers have a marked preference for medium-grain polished rice, U.S. long-grain rice—despite a wide price differential—is becoming increasingly popular. Rice imports from the United States in 1979 were about 700-800 tons.

In the long term, Lebanon's production of wheat and barley is not expected to increase, as these crops face strong competition from vegetables and other field crops offering higher returns.

Wheat consumption levels should increase gradually and are expected—political conditions permitting—to reach prewar levels of about 30,000 tons per month.

The projected installation during the next 2 years of a privately owned wheat mill of 600 tons per day capacity at an offshore site in northern Lebanon could increase Lebanon's wheat imports by about 50 percent. The output from the mill would be reexported to neighboring countries.

Also, the existence and projected expansion of modern grain receiving, storage, and handling facilities in Lebanon—vis-a-vis the shortage of such facilities in neighboring countries—is expected to bolster Lebanon's position in the feedgrain transit trade—*Based on report by Pitamber Devgon, U.S. Agricultural Attaché for Lebanon.* □

Particularly noticeable was the drop in Portugal's tomato paste shipments to the United Kingdom—in the past Portugal's most important EC destination. The United Kingdom took 30,789 tons in 1977, but only bought 7,269 tons in 1978.

The EC has a 90,000-ton ceiling on tomato paste imports from Portugal. However, even this volume will be underfulfilled in the future because the Community's minimum entry price, aggravated by a 12.6 percent ad valorem duty (c.i.f.), results in a Portuguese selling price considerably higher than those of EC processors. This situation will continue to exist until Portugal joins the EC.

To mitigate the sales advantages of subsidized Italian and Greek tomato products, Portuguese tomato processors have been pressuring their Government to subsidize exports of tomato paste to the EC. So far, however, the Portuguese Government has shown no willingness to subsidize such shipments to the EC.

Exports to the United States, a leading buyer in the late sixties and early seventies, shrank sharply in the second half of the decade just ended, largely because of the rapid expansion of U.S. processed tomato output.

In 1978, shipments of Portuguese tomato products to the United States hit the lowest level (1,227 tons) of the 1970's, but improved marketings in Eastern Europe, the Soviet Union (currently Portugal's best customer for paste), West Africa, and South America have taken up some of the sales slack.

The Soviet Union was an important market for Portuguese tomato paste in calendar 1977, taking 26,930 tons. The following year, its purchases shot to 35,350 tons, putting it in No. 1 spot. Indications are the USSR will again be Portugal's best customer in 1979.

Portugal's exports of canned whole tomatoes rose 22 percent from the 1977 level to 1,774 tons in 1978. Canada is still Portugal's leading buyer, taking a record 1,087 tons in 1978, followed by Sweden (111 tons) and France (100 tons). The United Kingdom, previously Portugal's most important customer, made no purchases in 1978.

Exports of canned whole tomatoes to the United States have been negligible in the past 5 years and no shipments of canned whole tomatoes were recorded in 1978.

Whole tomato exports to all markets in 1979 and 1980 were expected to remain at the 1978 level.

Portugal's processing tomato area is estimated at 19,135 hectares for 1979, and tomato production is set at 575,000 tons. The area figure was down 10 percent from the previous year's, and production was 9.8 percent lower.

Production data for Portugal's various tomato products in 1979 (with 1978 volume in parentheses), in metric tons, were canned tomatoes, 8,960 (8,867); juice, 133 (132); puree, 550 (560); paste, 95,000 (103,794); and catsup, 900 (880)—*Based on report by Richard T. McDonnell, U.S. Agricultural Attaché, Lisbon.* □

Japan

Imports of U.S. Grapefruit Up, Lemon Purchases Lower

Japan's imports of fresh citrus fruit mostly come from the United States, and Japanese purchases of U.S. grapefruit in 1979 were slightly larger than in 1978, while lemon imports were smaller.

Most of the country's orange imports, which are subject to a quota, came from the United States and amounted to 53,520 metric tons. In 1980, U.S. orange shipments to Japan are expected to be larger because of an enlarged quota.

In 1979, U.S. shipments to Japan of lemons amounted to 100,769 tons, and those of grapefruit were 142,189 tons. Neither fruit is subject to a Japanese import quota.

U.S. tangerine exports to Japan in 1979 were 2,092 tons.

Production. Japan's most important domestically grown citrus fruit is the Mikan orange (also called the Satsuma or Mandarin), production of which will be larger in 1979/80 than in 1978/79, although Mikan area has been declining in recent years. Production of minor orange varieties should be higher.

Japanese production of processed citrus products is expected to be larger in 1979/80 because of the sizable crop, but Japan's exports of fresh and processed citrus will remain small, although somewhat larger than those of 1978.

Estimated output of Japan's fresh citrus and citrus products this season and last, in thousands of metric tons, was:

Oranges:	1979/80	1978/79
Mikan	3,450.0	3,026.0
Summer	(1)	333.4
Navel	25.0	21.5
Hassaku/Ikoyan	280.0	252.0

Products	1979	1978
Mikan juice	68.0	55.0
Canned Mikan sections	170.0	154.6

(1) Not available

Imports. The United States annually supplies about 90 percent of Japan's grapefruit imports. U.S. export data show that in calendar 1979, U.S. grapefruit shipments to Japan were well below the record amount bought by that country in calendar 1977 (161,242 tons according to Japanese import data) but were slightly above Japan's 1978 imports of 142,154 tons.

U.S. grapefruit was subject to moderate competition in Japan from Cuban grapefruit, imported for the first time in October 1979. Some 66,200 cartons of such grapefruit were imported in that month and sold well on the Japanese market. Originally, Japanese importers planned to bring in 120,000 cartons, but no additional Cuban grapefruit were imported in 1979.

The sale of Cuban grapefruit benefited from the late arrival of Florida grapefruit, shipment of which was delayed by hurricanes in that State.

Imports of noncitrus and citrus juices (except lemon juice) are severely limited by Japanese import quotas. Citrus juice quotas for Japanese fiscal year 1979 (JFY—April 1979-March 1980) were announced in December 1979 and permit the import of 3,000 tons of

orange juice concentrate and 1,000 tons of grapefruit juice, the same quantities as imported in JFY 1978.

The United States is the dominant supplier of citrus juice imports to Japan.

Japan's lemon juice imports have been rising in recent years, and based on imports during the first 8 months of calendar 1979—1,108 kiloliters—total imports for the year were expected to reach 1,500 kiloliters, 6 percent more than in 1978. The United States, Japan's leading lemon juice supplier, probably shipped 1,000 kiloliters to Japan in 1979, 68 percent of the year's estimated import total.

Japan also imports sizable amounts of citrus oils—which like fresh lemons are not under quota. In 1979, the United States shipped 1,300 tons of orange oil to Japan, compared with 1,161 tons in 1978. The totals for lemon oil were: 1979—85 tons; 1978—54 tons. Brazil also supplied large volumes in both years.

One of the main issues during the U.S.-Japan bilateral agricultural negotiations, held throughout 1978 within the scope of the Multilateral Trade Negotiations (MTN), was the enlargement of Japan's citrus imports. Japan has agreed to increase the size of the import quotas on fresh oranges and citrus juices beginning with JFY 1980, under the following schedule, volumes of which are given in metric tons:

Fresh oranges:

JFY	Seasonal[1]	Annual
1979	22,500	22,500
1980	35,000	33,000
1981	38,500	34,000
1982	42,000	35,000
1983	45,500	36,500

Citrus juices:[2]

JFY	Orange	Grapefruit
1979	3,000	1,000
1980	5,000	3,000
1981	5,500	4,000
1982	6,000	5,000
1983	6,500	6,000

[1] June-August. [2] 5:1-concentrate basis, or equivalent.

Exports. Japan's exports of fresh Mikans are small, accounting for less than 1 percent of total fresh production. Exports from the 1978/79 crop (shipped mostly in November-December 1978) totaled 13,781 tons, down sharply from the 21,970 tons exported from the 1977/78 crop. Higher export prices resulting from the appreciation of the yen accounted for the drop in shipments in 1978.

Canada remains by far the largest customer for Japanese fresh Mikans and accounted for 82 percent (11,294) of total 1978/79 shipments. During the same period, exports to the United States—made only to Washington State, Oregon, Montana, Idaho, Alaska, and Hawaii because of U.S. plant quarantine regulations—amounted to 682 tons, down about 200 tons from the export volume a year earlier.

The Japan Fruit Growers Cooperative Association (NICHIENREN), Japan's only citrus fruit exporter to the United States and Canada, expects fresh Mikan exports to those two countries to recover in 1979/80 as a result of the recent parity decline between the yen and the U.S. dollar.

Currently NICHIENREN estimates that shipments will approximate 3.1 million 4-kilogram cases (12,680 tons) to Canada and 191,500 cases (780 tons) to the United States. These figures represent a 12 percent increase in shipments to Canada and a 14 percent rise in those of the United States.

Based on the export performance of canned Mikan sections in the first 8 months of 1979 (17,414 tons were shipped during the period), total shipments during the calendar year are anticipated to drop significantly to around 29,000 tons, 28 percent less than the previous year's 40,523 tons.

On the other hand, some recovery is expected in calendar 1980.

Despite tougher competition from Taiwan, which also is shipping to the same Mid-East regions, Japan expects to ship another 9 million cases during the 1979/80 marketing season.—*Based on report by Dudley G. Williams, U.S. Agricultural Counselor, Tokyo.* □

Brazil

Castorbean Output Dips, Oil Exports Up

Despite a drought-induced drop in Brazil's 1978/79 castorbean production, exports of castor oil expanded in 1979 in response to favorable prices. However, the increase in exports led to a sharp decline in carryover stocks.

If normal weather returns this season, production should rebound in 1979/80, allowing for some rebuilding of stocks while maintaining exports.

Brazil's 1978/79 castorbean production is estimated at 355,000 metric tons, a drop of 13 percent from the previous season's level.

The drought had reduced crop expectations in Bahia—the principal producing State—from earlier forecasts of more than 200,000 tons to an estimated 140,000-170,000 tons.

Brazil's castor oil exports during the 1979 season are estimated at around 150,000 tons, about 5 percent above the year-earlier level.

Brazilian data show exports of castor oil totaling 108,000 tons during January-August 1979, compared with 87,300 tons for the comparable 1978 period.

Because of the stronger export demand and higher producer prices in late 1979, observers are still generally optimistic that 1979/80 production will exceed 400,000 tons.

If this holds true, area devoted to castorbeans in Brazil may expand to around 395,000 hectares in 1979/80, compared with the Government estimate of 387,000 hectares in 1978/79.

If the anticipated production increase materializes in 1979/80, castor oil exports in 1980 should reach about 140,000 tons, roughly the same level achieved in 1978.

Domestic consumption of castor oil in 1979 is estimated at between 35,000 and 40,000 tons, a level that has remained fairly constant. Speculation continues whether new uses under study will eventually stimulate domestic demand and sustain internal prices.

Some observers believe the potential to dramatically increase demand could be unleashed by a critical shortage of diesel fuel—that fraction of crude oil imports considered indispensable for bulk movement of agricultural commodities in Brazil. Several studies have been undertaken on the feasibility of using a mixture of castor oil and alcohol as a substitute for diesel fuel.—*Based on report by Lyle Sebranek, U.S. Agricultural Officer, São Paulo.* □

TRADE BRIEFS

U.S. Farm Exports Expected To Rise $5 Billion in 1979/80

U.S. farm exports were forecast by USDA on February 8 to rise $5 billion during 1979/80 to $37 billion—the 10th straight record-setting year. Export volume is expected to expand 10 percent this fiscal year to over 150 million tons. An 11-percent value gain is anticipated for farm imports, raising that figure to $18 billion. Therefore, the U.S. agricultural trade surplus is estimated at about $19 billion, compared with $15.8 billion a year earlier. On the export side, U.S. agricultural shipments to developing countries are expected to gain about 28 percent to over $13 billion, accounting for more than half of the value increase in U.S. farm exports in 1979/80. Exports to developed countries may rise about 10 percent from $17 billion last year, while those to centrally planned countries are forecast at $5.1 billion, up 9 percent.

Canada To Supply 2 Million Tons of Wheat To Brazil in 1980

Brazilian and Canadian Ministers of Agriculture signed a contract on January 10 under which Canada will supply 2 million tons of wheat to Brazil in calendar 1980. Credit terms are similar to those of the Commodity Credit Corporation (CCC). In 1978/79 (July-June), wheat exports to Brazil totaled 3.66 million tons, including 1.37 million tons from the United States and 1.06 million tons from Canada. The record of export suppliers to Brazil in recent years (1975-78) shows a pattern in which the United States exported about twice as much wheat as Canada to this market. However, the Brazilian press reports that the recent Brazil-Canada contract will reverse this ratio in 1980.

Romania Reportedly Sells 100,000 Tons Of Wheat to Iran

Romania reportedly has recently sold 100,000 tons of wheat to Iran. Although no price or delivery date was given, it is probable that Iran would like to have the wheat as soon as possible, so a February-March delivery date is likely. The last time Iran bought wheat from Romania was in 1974/75 when 96,617 tons were purchased.

Six Western States Form Trade Association

Six Western States—Alaska, California, Hawaii, New Mexico, Oregon, and Washington—have formed a regional trade organization, called the Western United States Agricultural Trade Association (WUSATA), to further promote their farm exports, FAS Administrator Thomas R. Hughes recently announced. The combined agricultural exports of these States amounted to about $4 billion in 1979. Major exports included fruits and vegetables and preparations, cotton, rice, nuts and preparations, and wheat and wheat products. WUSATA will concentrate on promoting those products that currently do not have promotional programs, Hughes said. A WUSATA trade show—to be attended by buyers from many countries, including Japan—is planned for Seattle in September.

Advertising Campaign By U.S. Holstein Group Brings Global Response

A large advertising campaign launched last year by the Holstein-Friesian Association of America in cooperation with FAS has brought numerous responses from around the world, according to the January issue of Holstein Association News. Inquiries from dairy farmers, students, and professors have asked for scientific data on the U.S. breed, ways to increase milk production, and where to buy Holstein semen and animals in the United States. The article stated that the greatest response came from the South American countries, followed by Mexico, France, Israel, and South Africa.

India's Farm Exports Seen Slipping From Last Year's Peak

India's agricultural exports may fall as much as 10 to 15 percent this year, after peaking at $2.1 billion in 1979. Presently, no contracts for grain exports are being considered by the Food Corporation of India. A drastic reduction in India's exports of grain is likely for 1980. India exports of peanut meal will probably remain at about the 600,000-ton level permitted in 1979. Castor oil exports are expected to continue at a brisk tempo in 1980, while peanut exports may not be resumed.

$6.6 Million Loan To Help Bolivia Expand Pork Production

The Inter-American Development Bank recently announced the approval of a $6.6 million loan to help Bolivia carry out the second stage of a program to develop pork production in the Department of Chuquisaca in the southern part of the country. Purpose of the program is to improve the quality supply of pork for direct consumption and for industrial processing, and to raise the income level of small farmers. In 1978, Bolivia produced 28,500 tons of pork, compared with 80,000 tons of beef. Demand for pork in Bolivia has increased at an annual rate of 3.5 percent in recent years and is expected to total 34,000 tons by 1990.

U.S. Wheat Share In Moroccan Market Falls Sharply

Morocco's wheat imports declined 20 percent in 1978/79 from the record level of 1.8 million tons a year earlier as the U.S. share plunged to only 21 percent, compared with a 54-percent share the previous year. Export subsidies helped the market share of the European Community (EC) to jump from only 7 percent in 1977/78 to 63 percent in 1978/79. Morocco is expected to import 1.75 million tons in 1979/80, including about 700,000 tons from the United States.

Dutch Likely To Import More EC Feedgrains During 1979/80

A gradual resumption of cassava usage in compound feed rations to early 1979 levels, with a similar drop in feedgrain usage, is expected in the Netherlands in early 1980. As a result, Dutch feedgrain imports during the whole of 1979/80 are likely to end up at or only slightly higher than those of the preceding season. However, feedgrain imports from outside the European Community—especially those from the United States—are projected to drop 5 to 10 percent, or 115,000-225,000 tons, during 1979/80. The EC will be the chief beneficiary, with increased Dutch imports from within the Community, particularly from France.

WORLD AGRICULTURAL DAYBOOK

March/April

Trade/Technical Team Trips

U.S. Teams Overseas

Date	Team	To
Feb. 23-Mar. 15	U.S. seed team	Argentina, Chile, Brazil, Venezuela, Colombia
Feb. 29-Mar. 16	U.S. Maid of Cotton	Canada.
Mar. 7-21	U.S. seed team	Australia, New Zealand
Mar. 14-20	Tallow team (Natl. Renderers Assn.)	United Kingdom, the Netherlands

Foreign Team in the U.S.

Date	Team	To
Feb. 25-Mar. 15	Korean dairy facilities team	Illinois, Michigan, Virginia, Washington State, Washington, D.C.

Trade Fairs/Exhibits

Date	Event and location
Mar.2-9	International Agricultural Show, Paris.
Mar.8-16	International Agricultural Show, Verona.
Apr. 22-24	U.S. red meat, poultry, and seafood solo exhibit, Tokyo.
Apr. 28-29	U.S. red meat, poultry, and seafood solo exhibit, Seoul.

Meetings

Date	Organization and location
In March	U.S.-European Community consultations on wine trade, Brussels
Mar. 3-5	Inter-American Institute for Agricultural Sciences, San Jose.
Mar. 3-6	Food Aid Committee special session, London.
Mar. 3-13	FAO regional conference, (Asia & Pacific), New Delhi.
Mar.3-14	International Cocoa Council, London.
Mar. 5/6	OECD ministerial meeting, Paris.
Mar. 7	OECD Committee for Agriculture, Paris.
Mar. 9-12	American Quarter Horse Assn. convention, Nashville, Tenn.
Mar. 10-14	UN Economic Committee for Europe's Committee on Agricultural Problems, Geneva.
Mar. 10-14	FAO intergovernmental group on cocoa, Rome.
Mar. 12	Tobacco Associates, Inc., annual meeting, Raleigh, N.C.
Mar. 13-15	U.S. Tobacco Assn. annual meeting, Hilton Head, S.C.
Mar. 17-21	FAO intergovernmental group on rice, Rome.
Mar. 17-21	FAO Codex Alimentarius Committee on Processed Fruits & Vegetables, Washington, D.C.
Mar. 17-Apr. 3	FAO Committee on Food Security, Rome.
Mar. 18-21	Cotton Development International, Geneva.
Mar. 20-23	Swine seminar, Bangkok.
Mar. 24-28	UNCTAD preparatory meeting for cotton, Geneva.
Mar. 24-28	Codex Alimentarius Commission on cereals, Washington, D.C.
Mar. 25-27	Midwest Poultry Federation meeting, St. Paul, Minn.
Mar./Apr.	U.S.-Andean Pact talks, Washington, D.C.
Apr.9-11	UNCTAD Negotiating Conference on a Common Fund.
Apr. 9-15	FAO intergovernmental group on oilseeds, fats, and oils, Rome.
Apr. 9-18	U.S.-Hungarian Joint Economic Commercial Commission, Washington, D.C.
Apr. 14-17	International Seed Crushers Assn. meeting, Dakar.
Apr. 15	Butter & Cheese Institute, Chicago, Ill.
Apr. 21	International Wheat Council special committee, London.
Apr. 21-25	World Tobacco Exhibition/Symposium, Nice.
Apr. 28-30	World Food Council preparatory meeting, Rome.
Apr. 28-May 2	U.S.-Romanian Economic Commission, Washington, D.C.
In Apr./ May	FAO Banana study group, Rome.

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World Food Prices

Continued from page 17

actions covered by the European Community's (EC) Common Agricultural Policy) was devalued by 4.85 percent from December 5, which will eventually translate into higher retail prices for certain agricultural products.

Price increases in effect since January 1 for beef, pork, and dairy products in Sweden are a direct result of the biannual agricultural negotiations on compensation to farmers. The compensation, which has not yet been finalized, is being financed by increasing prices to consumers.

Beef prices in The Hague are holding relatively steady because of a seasonal decline in consumer purchasing patterns after the first of the year.

In Ottawa, retail pork prices continued to fall, reflecting increased hog slaughterings. Pork continues to maintain a price attractiveness over beef, which continues to rise in price. In contrast, pork prices in The Hague continue to climb because of strong export demand.

Pork prices in London have eased somewhat after strengthening steadily during the latter part of 1979.

Broiler prices in Washington, D.C., and Brussels were up in the January survey because of continued favorable export demand.

Dairy. In Ottawa, butter and cheese prices rose substantially as a result of a recent increase in the federal support price for butter and an increase in producer prices for industrial milk.

Milk prices in Rome increased by 8 percent following biannual price revisions in each province. Butter prices fell, however, benefiting from the EC's "Christmas" price subsidy.

An increase in Ottawa in consumer milk prices of Can$0.04 per liter over the November survey price reflects the Ontario Milk Marketing Board's action to raise prices paid to fluid milk producers, compensating them for increased costs.

In Brazil, the consumer price of milk was raised by nearly 27 percent, effective November 19, 1979. Retail milk prices in that country increased about 90 percent in 1979.

Produce. In Brussels, seasonal factors accounted for retail price increases for tomatoes, onions, and potatoes of 64, 13, and 14 percent, respectively. Retail prices of oranges and apples in that city were also up because of stronger holiday demand and higher storage costs.

Copenhagen and Canberra reported substantial increases in tomato prices. Denmark's Monopoly Board rejected a petition from the trade in November to increase prices of imported fruit and vegetables, which led to a halt in supply of certain fresh produce.

Meanwhile, in Australia, the extremely sharp, fourfold increase in the price of tomatoes represents a special and presumably temporary situation; brush fires in coastal areas of New South Wales in December wiped out many tomato-growing farms, particularly those producing for the metropolitan Sydney area.

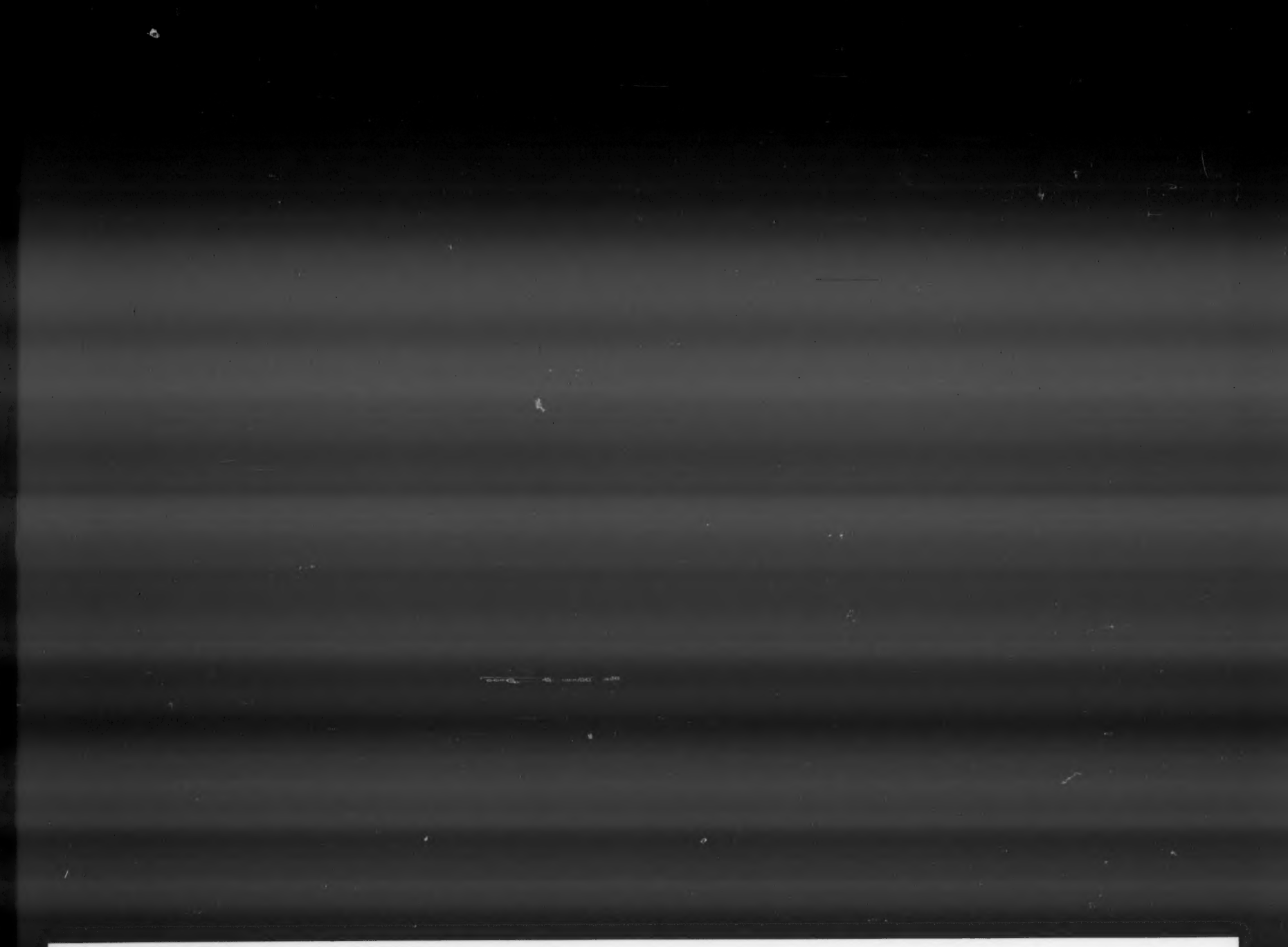
Apple prices were down in Rome and London, as plentiful supplies exerted downward pressure on prices.

In The Hague, potato, apple, and orange prices sagged because of oversupply. As in other world capitals, tomato prices strengthened.

Oils. Cooking oil and margarine prices in Brussels fell at the retail level, reflecting lower world prices for soybeans and soybean oil. Cooking oil prices in The Hague followed suit, but margarine prices did not follow.

Bread. In London and Ottawa, bread prices were up as manufacturers passed along higher costs for ingredients, labor, and energy to consumers. □

Data Qualifications: Food price indexes, which reflect food price changes in general, are obtained from official government sources. They are based on local-currency prices, and are not directly affected by exchange rate fluctuations.

Food prices of selected commodities are obtained by U.S. Agricultural Counselors and Attaches on the first Tuesday of every other month. Local currency prices are converted to U.S. prices on the basis of exchange rates on the date of compilation. Thus, shifts in exchange rates directly affect comparisons between time periods.

The objective of the survey is to reflect the level of prices in other countries of items normally purchased by U.S. consumers. Exact comparisons are not always possible, since quality and availability vary greatly among countries. An attempt is made to maintain consistency in the items and outlets sampled, but they are not necessarily representative of those in the reporting countries.